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TODAY: LEISURE — Trekking in Tibet, Page 10

Hong Kong Plunge Drags Down World Stocks

A Danger of Ethnic Tensions

Southeast Asian Governments Look Vulnerable

By Michael Richardson
International Herald Tribune

SINGAPORE — For almost a generation, Southeast Asian governments have been able to rely on rapid economic growth to smooth over ethnic and religious tensions among their populations, and defuse public criticism over any allegations of corruption, mismanagement or abuses of power.

But officials and analysts in the region say that a looming economic slow down in the region over the next few years turn out to be correct, then the leeway in public tolerance may be lost," an Asian diplomat said Thursday. "I am not suggesting that we have a potential Balkans in Southeast Asia, but the fallout from shrinking growth will severely test the region's political leadership and structure."

Countries likely to be most severely affected include Thailand, Indonesia and the Philippines because all face critical elections in the next 12 months.

William Overholt, head of economic research at Bankers Trust Co. in Hong Kong, said that the Southeast Asian countries hit hardest by economic and financial problems would have to brace for months of austerity and much more demanding investors.

The path to recovery, he said, must include "severe austerity," while in-

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down following major falls in the value of local currencies and stocks, and the spending cutbacks and rising unemployment and hardship that are only just starting to bite, will make the task of political management much more difficult.

"If the increasingly gloomy forecasts we are getting now about a severe slow-

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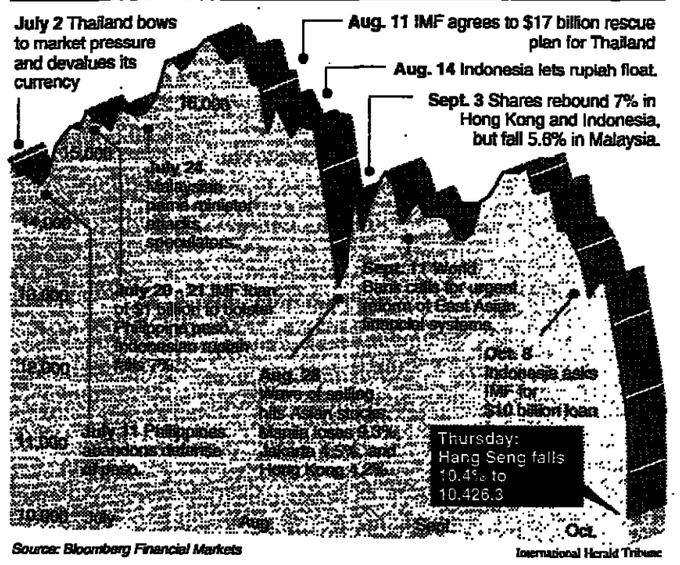
Asian Tempest Hits Hong Kong *Hang Seng Index*



Source: Bloomberg Financial Markets

International Herald Tribune

Already Tumbling, Exchange Watches $29.3 Billion Vanish

By Philip Segal
Special to the Herald Tribune

HONG KONG — The already tumbling Hong Kong stock market suffered its biggest point drop ever Thursday, dragging down stock markets around the world — shares on Wall Street fell sharply — as the financial crisis gripping much of Southeast Asia deepened.

Astronomical interest rates erected by authorities to prop up Hong Kong's beleaguered dollar, which had been a last haven in the region's financial turmoil, sent investors fleeing.

In the space of a single day, Hong Kong investors saw $29.3 billion in paper wealth wiped away — one of the biggest-ever such losses anywhere — as the benchmark Hang Seng Index fell 1,211.47 points, or 10.4 percent, to 10,426.3.

Thursday's drop send a shudder around the world. On Wall Street, the Dow Jones industrial average closed 186.88 points lower at 7,847.77. Most European stock markets dropped more than 3 percent.

Other markets in Asia, rocked by almost four months of plunging currencies, fell as well, but not by as much. Singapore shares fell 4.7 percent, those in Malaysia fell 3.4 percent and Philippines stocks fell by 4.9 percent.

The Hong Kong collapse marked the third biggest drop ever in percentage terms for the Hang Seng, which until August had been one of the world's best performing indexes this year. The index has fallen 23 percent this week alone, and, at its lowest level since March 1996, is down 22.5 percent since the start of the year.

The currency turmoil on the stock market poses the most serious dilemma yet for Hong Kong's new postcolonial government.

Hong Kong authorities stood firm in defense of high interest rates to protect their currency, clearly ready to let the savaged stock market fall further when trading resumes on Friday after its worst point drop on record.

In an effort to defend the Hong Kong dollar, authorities here, backed by China, let one-day interest rates skyrocket overnight to as high as 200 percent and began dipping into their $88 billion of foreign exchange reserves to defend the currency. As a result, the Hong Kong dollar actually strengthened slightly on Thursday, with the U.S. dollar slipping to 7.7085 Hong Kong dollars from 7.7460 on Wednesday.

"If you allow the peg to go, capital flight will ensue tomorrow," Joe Zhang, an analyst at Credit Lyonnais in Hong Kong, told The Washington Post, explaining why the Hong Kong monetary authority would prop up the exchange rate. "And then the property price tumbles. Then you have massive defaults on mortgages and then collapse of the banks and then the collapse of the economy." (Page 18)

Most other Asian currencies also

See ASIA, Page 7

Crisis Threatens a Region, but Not the System

By Alan Friedman
International Herald Tribune

PARIS — Nearly four months after Thailand's currency crumbled, East Asia's financial crisis has now moved decisively into an even more contagious phase, one that has put the Hong Kong dollar, long a haven of Asian wealth, under siege amid a flight of investment capital from the region.

The real danger now, specialists say, is not so much a threat to the world financial system as it is the risk of increasingly severe economic hardship and banking woes in a number of individual countries in East Asia.

Jean-Michel Severino, the World Bank's vice-president for East Asia and the Pacific, said that despite a collateral impact on European stock prices, he did not believe the Asian crisis would degenerate into a threat to the global financial system.

"I would be a bit surprised if the crisis were to spread all over the world because East Asia does not represent a significant enough share of the global economy to cause a systemic risk, meaning to jeopardize the profits of major companies around the world or to affect world economic growth or the world banking system," Mr. Severino said.

But Mr. Severino and other officials agreed that the Asian crisis could cause more economic hardship for individual

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countries in the region. He warned that "the only way to avoid more hardship was for East Asian economies to react very quickly and to deepen efforts at financial-sector reform."

The World Bank official said the competitive devaluations of other currencies in the region had "put pressure on Hong Kong's competitiveness," helping to explain why the Hong Kong dollar was under pressure. He added that for China, "the devaluation of other currencies in the region is a problem because it could hurt Chinese exports, which are driving the economy's strong growth rate."

Japan, meanwhile, which has significant investments, bank lending, and exports to East Asia, "could be affected."

Phase one of the Asian crisis began last summer, when Thailand was forced to devalue its currency and had to ask the International Monetary Fund for a $17.2 billion bailout. Between July and early this month the currencies and equity markets of the "tiger economies" of Thailand, Malaysia, Indonesia and the Philippines slumped repeatedly. The Philippines and, more recently, Indonesia both turned to the IMF for help, while well-managed economies such as Hong Kong's and Taiwan's seemed to be havens for investors.

In the last couple of days, more things changed. Investors became frightened by Thailand's political crisis, and speculators began taking aim at the Hong Kong dollar, whose value has been pegged to the U.S. dollar for the past 14 years.

Now, phase two of the crisis has begun, with heavy selling hitting stock

See RISK, Page 18

A Domino Effect From Asia's Woes

The Asian financial debacle is having repercussions on markets and in capitals around the world:

- Beijing's policymakers are watching the stock market and currency chaos of the region with growing anxiety. Page 18.
- All major European markets took a tumble over Hong Kong's stock plunge. Page 15.
- Stock prices in Japan slid to their lowest levels in more than two years, as the Hong Kong rout ignited fears about Tokyo's stuttering economy. Page 19.
- China Telecom (Hong Kong) Ltd., the territory's largest new share listing, fell 9 percent in its first trading day in Hong Kong. Page 18.

Wall Street Stays Calm Despite a Hit

Investors Convinced No Crash Is Looming

By Mitchell Martin
International Herald Tribune

NEW YORK — Wall Street shuddered Thursday but held against financial convulsions that began in Hong Kong and circled the globe in the early hours of the day.

Following sharp falls in Asian stocks and lesser but significant declines in Europe, the Dow Jones industrial average opened with a 170-point loss but stabilized roughly at that level for much of the day and closed 186.88 points lower at 7,847.77.

Well before American trading started, analysts noted that investors were piling into the U.S. Treasury bond market. That pushed American interest rates lower across the board and this haven mentality provided some support for stocks in New York.

"After the first whiff of fear in the U.S. equity markets, some who have any institutional memory will remember the Hong Kong market was the one world market that was shut for four days in 1987," said Michael Holland, a New York money manager who was recalling the global collapse a decade ago. "The U.S. market looked to be more attractive then, too," he added.

Mr. Holland said that he expected Wall Street to head higher "once the dust settles."

Many analysts and industrialists said that the early-morning fears of a collapse on the scale of the 23 percent drop recorded on Black Monday — Oct. 19, 1987 — were exaggerated and that the troubles in Hong Kong reflected only the currency turmoil in Southeast Asia, not the beginning of a global crash.

Peter Canelo, U.S. investment strategist at Morgan Stanley Dean Witter Discover Co., said, "I think that's a bit overdone. We've already had a major debacle in most of the Tigers, and it hasn't done us much harm."

He noted that the Standard & Poor's 500-stock index, a broad measure of big U.S. stocks, rose to a record this month despite the currency problems experienced by many of Hong Kong's neighbors over the summer.

Mr. Canelo did see some potential trouble spots, such as pressure on U.S. makers of computer memory chips, which will face brutal price competition from Asian companies whose costs have fallen with their home currencies. A more important problem, he said, was the risk that the financial problems in Hong Kong and other Southeast Asian countries would lead to bank failures, especially with Japanese lenders already in poor shape. But he said, "We probably overanticipated the worst."

"What it is is an adjustment, and you've got a whole lot of adjustments all coming together in Hong Kong," said Tim McNamar, a former deputy secretary of the Treasury under President Ronald Reagan. Mr. McNamar is now deputy chairman of Amtec Inc., a New York-based company that is part of a

See WALL ST., Page 7

AGENDA

U.S. Weighs Curbs On France's Total

WASHINGTON (AFP) — The United States has not ruled out imposing sanctions against the French oil company Total over its deal with Iran, a senior administration official said Thursday.

A team of State Department experts is in Paris "investigating with alacrity" to determine "the facts of this case and to determine whether or not this is sanctionable activity," said Stuart Eizenstat, undersecretary of state for economic, business and agricultural affairs.

"If it is, sanctions are certainly a viable option," Mr. Eizenstat said.

Total, with Russian and Malaysian companies, has signed a deal to pump gas off the coast of Iran.

Trade Center Blast Aimed to Kill Many

The man accused of masterminding the blast on Feb. 26, 1993, at New York's World Trade Center, Ramzi Ahmed Yousef, aimed to topple one of the complex's towers in the hope of killing tens or hundreds of thousands of people, a U.S. Secret Service agent testified at Mr. Yousef's trial. Page 3.

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Kuwait	700 Fils	U.S. Mil. (Eur.)	$1.20

Papon Trial: A Big Whirlpool

Gaullist Politics, Even de Gaulle, Being Sucked In

By Roger Cohen
New York Times Service

BORDEAUX, France — Like a gale sweeping across the land, the trial of Maurice Papon, an 87-year-old former Vichy functionary accused of complicity in the Holocaust, is buffeting France's image of itself and pushing the postwar Gaullist political movement into a deep crisis.

After Switzerland and Sweden, two countries that have been led to re-examine their wartime roles and the real meaning of "neutrality," France is being forced into a painful adjustment of its collective memory, one involving issues as basic as whether the country was truly victorious in World War II and what the role of de Gaulle was.

"Enough, enough, enough!" was the exasperated reaction Tuesday of Philippe Seguin, leader of the Gaullist Rally for the Republic. In an article in the daily newspaper Le Figaro, he said that the Papon trial was becoming a trial of "de Gaulle, of Gaullism and of all of France."

France founded its postwar self-image on ideas promoted by de Gaulle: that, despite the defeat by the Nazis in 1940, the country was victorious in World War II; that the republic emerged unsullied by the collaborationist Vichy regime; that the Gestapo, and not the French police, rounded up French Jews for deportation and that there was a clean break between Vichy and the postwar governments.

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These myths and half-truths united a deeply divided country and laid the basis for France's rapid reconstruction as a major power. But they also left France vulnerable to a divisive re-examination of its past, which is being played out at the Papon trial.

Because Mr. Papon, as a Vichy official, is accused of organizing the deportation of more than 1,600 Jews from wartime Bordeaux and because he went on to become a Gaullist official and a budget minister after the war, the questions arising at the trial present a direct challenge to France's view of itself.

This view was, of course, already changing. In 1995, Jacques Chirac, the Gaullist pres-

See FRANCE, Page 7

Agence France-Presse

Maurice Papon has defied prosecutors to produce evidence that he signed arrest warrants for Jews during the war.

Allies Scorn U.S. Plan To Cut Gas Emissions

By William Drozdiak
Washington Post Service

BERLIN — The United States's major allies in Europe and Asia joined Thursday to criticize President Bill Clinton's announced plan to curb global warming as weak and ineffectual.

They said the plan did not measure up to the responsibilities of the United States, as the world's leading polluter and lone superpower, to protect the environment.

The skeptical response to Mr. Clinton's program of incentives and modest targets, which seeks to stabilize greenhouse gas emissions at 1990 levels between the years 2008 and 2012, reflects how the world is starting to assess U.S. leadership in a new light in the post-Cold War era.

In terms of the environment, allies are scrutinizing the United States to see whether it is willing to accept sacrifices to cope with global warming that are commensurate with its overwhelming influence. And by that yardstick, Mr. Clinton's prescription on how to curtail greenhouse gases came up short, in the opinions of the allies.

Germany's environment minister, Angela Merkel, called the U.S. proposals "disappointing and insufficient."

Japan's prime minister, Ryutaro Hashimoto, lamented that "there might have been room for further efforts."

Britain's deputy prime minister, John Prescott, said the plan did not go far enough and he urged the United States to become "much more ambitious" before final negotiations on a global warming treaty in Kyoto, Japan, in early December.

"It is simply not good enough," said Peter Jorgensen, spokesman for the 15-nation European Union's executive commission in Brussels. "There must be something better coming from the White House if the United States wants to face up to its global responsibilities."

Much of the world taxes gasoline so heavily — both to encourage energy conservation and to provide government revenue — that car fuel often costs motorists the equivalent of $5 a gallon (3.785 liters) or more at the pump.

See GREENHOUSE, Page 13

Next, Electronic Smoking

A Battery-Powered Holder

The New York Times

INHALE — A smoker takes a puff, and the cigarette burns. EXHALE — And the cigarette stops burning.

By Glenn Collins
New York Times Service

NEW YORK — Philip Morris Cos. is planning to test a small electronic cigarette holder that eliminates smoke and ashes from the ends of cigarettes.

The battery-powered "smoking system" is the first of its kind, and it cost $200 million and took years of research to develop, the company said.

The device is a beeper-sized 4-ounce (125-gram) box containing a specially designed cigarette and an electronically controlled lighter that runs on rechargeable batteries.

The tobacco burns only when puffed. Smokers could take a puff from a cigarette in its holder, put it down and take another puff an hour later.

But smokers must lift the device to their lips for each puff, as if smoking a kazoo. That does not exactly match the "cool" image of an old movie idol such as Humphrey Bogart with a cigarette dangling from his lips.

Critics say the device demonstrates the lengths to which the tobacco industry will go to make a dangerous addiction more socially ac-

See SMOKE, Page 7

The Dollar

New York	Thursday @ 4 P.M.	previous close
DM	1.7673	1.786
Pound	1.6327	1.633
Yen	121.93	120.90
FF	5.9208	5.9835

The Dow

	Thursday close	previous close
-186.88	7847.77	8034.65

S&P 500

change	Thursday @ 4 P.M.	previous close
-17.93	950.89	968.82

The Swanky / **The Not-So**

Midas Touch Of Merchant Banking

By Leslie Eaton
New York Times Service

NEW YORK — Golf, fly-fishing — polo, perhaps. These are the recreations (aside from making money) that one associates with Wall Street's elite. But bowling? Investment bankers do not go bowling.

Actually, they own bowling. Goldman, Sachs & Co., the high-hat firm that prides itself on being the last private partnership in the securities business, last year bought AMF Bowling, which makes high-tech pinspotters and operates more alleys than any other company.

And next week, Goldman and its partners are set to make a bundle when AMF sells shares to average investors across America. In the process, Goldman will reap roughly $10 million in underwriting fees, in addition to the $40 million or so it has already collected from AMF. Plus, there is the almost 100 percent in paper profit that Goldman will get overnight on its AMF holdings.

The AMF deal illustrates the current state of one of the hottest, most profitable and least known fields on Wall Street, the business loftily known as merchant banking.

This refers simply to deals in which the firms and their executives put up their own money (and cash from other investors like pension funds), rather than merely serving in their traditional role as middlemen.

Wall Street's swankiest firms own everything from computer companies to chemical concerns — and a lot of more mundane businesses, besides. Donaldson, Lufkin & Jenrette, a unit of the Equitable Cos., owns the chain-saw maker McCulloch. Blackstone Capital Partners owns a chain of funeral homes called Prime Succession. And Morgan Stanley, Dean Witter, Discover & Co. has hit it big with a macaroni maker, American Italian Pasta.

Right now, the merchant-banking business is booming. Firms are raising record amounts of money that they will use to buy big stakes in — or sometimes all of — various companies. Meanwhile, they are unloading investments at an even faster clip, taking advantage of the hot stock market to sell to the public some or all of the holdings they acquired earlier. Even firms that were burned by this business before are hustling to return to the game.

All of which is raising suspicions in some quarters that, as usual with Wall Street, a good idea is getting out of hand.

"We are rapidly approaching some of the silliness of the late 1980s," warned Steven Berger, who heads a new $2 billion merchant banking fund for Lehman Brothers.

Merchant banking has been around in America at least since J.P. Morgan in the late 19th century. But it was in the mid-1980s that many Wall Street firms jumped into the business with both feet.

The reason, of course, was the takeover frenzy that swept corporate America. As corporate raiders like Irwin Jacobs and T. Boone Pickens mounted hostile bids for corporations they considered bloated, managements borrowed huge sums to take companies private in what are known as leveraged buyouts. Almost always, the debt-laden companies had to sell assets to stay afloat, which is why these deals were often called bust-ups.

It was — at least at first — tremendously profitable, which naturally meant that Wall Street firms wanted their share. In addition to raising money for buyout specialists, they decided to risk some of their own capital, often by making bridge loans to tide over companies until they could sell junk bonds.

Barbara Alper/The New York Times

The deal to sell shares in AMF Bowling to investors across America illustrates the state of one of the hottest, most profitable and least known fields on Wall Street.

For many firms, it was an adventure that ended in tears. In 1990, Drexel Burnham Lambert collapsed, and with it the junk-bond market.

"When the music stopped, everybody had bad bridges," recalled Lawrence Schloss, who runs DLJ's merchant banking operation. First Boston's losses were so severe that its European parent, Credit Suisse, had to step in with a multimillion-dollar rescue. Other firms, like Merrill Lynch & Co., left the business altogether.

But a number persevered — among them DLJ, Morgan Stanley and Goldman.

To be sure, the business changed. Most firms stopped pursuing bust-ups (there were few corporate giants left to chop up). And Wall Street increasingly started buying ownership stakes, rather than lending money: "There's a lot more equity going into deals now than there was in the '80s," said Stephen Schwarzman, who runs Blackstone Capital Partners.

Today, merchant bankers usually avoid hostile takeovers. That is because their deals now involve money from state pension plans and college endowments, which do not want to be tarred as corporate raiders. (Typically, the Wall Street firm and its executives put up some of the money in a fund open to big investors, which they manage; in return, they get an annual fee, 20 percent of the profits and a pro rata share of the appreciation in the fund.)

Over the last few years, Wall Street executives say, the focus has been on building companies up rather than breaking them apart.

They now provide seed money for new ventures, finance corporate spinoffs and pay for acquisitions in very fragmented industries ranging from billboards to radio stations to, yes, bowling alleys (this is known as a build-up or roll-up).

Merchant banking deals are driven by a variety of motives. Sometimes the deal is dreamed up on Wall Street. At Morgan Stanley, for example, "We decide, 'I want to go into that business,' whether it's insurance or telecommunications," said Alan Goldberg, one of the heads of Morgan Stanley Capital Partners. "Then we find the right people and go build a business around them."

More often, however, the deals are done to help clients, many of whom have already been swept up in the current takeover wave. A corporation may want to shed a business that it inadvertently acquired in a merger, for example, or a group of managers may be unhappy about running a unit under new owners.

Indeed, for many firms, merchant banking is the ultimate tool to help their corporate clients, said Mr. Schloss of DLJ, which has one of the most profitable operations on Wall Street. Still, to succeed, the firms must make sound investments, not simply do deals that generate hefty fees, which seduced some firms in the 1980s.

But there is a more compelling reason Wall Street loves merchant banking: profits, for the firms and their executives. In the last two decades, "private equity investments" have averaged an annual return of 20.8 percent, according to Morgan Stanley. While that may not sound so compelling given the stock market's recent gains, it far outpaces stocks' average annual return of 14.5 percent.

And some firms have done far better. DLJ's fund has returned as much as 90 percent a year. Lehman's original fund, raised in 1989, returned almost 40 percent annually. Morgan Stanley said it had averaged about 30 percent.

At any time, it is hard to tell how firms' private portfolios are doing. They tend to carry their investments on their books for the amount they paid for them. But recently, the hot market has prompted firms to realize some of their gains by taking their holdings public. J.P. Morgan & Co., the big Wall Street bank, has done about 15 initial public offerings for its holdings in the last year. This year, Morgan Stanley has done five IPO's and three secondary stock offerings.

Just in the last quarter, DLJ made $86 million from its portfolio, Lehman made $65 million and Morgan Stanley made $206 million. As a percentage of revenues generated in a roaring bull market, those are small numbers. But almost all of it is profit, said John Keefe, an analyst and consultant to securities firms.

Those huge profits tend to draw hordes, and that is exactly what has happened in private equity.

BACK IN 1990, firms and their clients raised a mere $8 billion for buyouts and similar investments, according to the Private Equity Analyst, a newsletter in Wellesley, Massachusetts. This year, the number has already topped $30 billion and by some reckonings may hit $50 billion.

But the high prices merchant bankers are paying in the United States these days may depress the returns they will reap in three or five years, said Brian Watson, who runs J.P. Morgan's merchant banking business.

"At the moment people are so bullish, maybe over-bullish, about the prospects for private equity investments," he said. But among savvy investors, "expectations are coming down pretty rapidly."

Trade Atop Its Agenda, Commonwealth to Meet

By Tom Buerkle
International Herald Tribune

LONDON — Seeking to inject new purpose into an organization often derided as a debating society, the leaders of the 54 Commonwealth nations hope to transform the group into a motor for trade and investment when they open a meeting Friday.

At their four-day meeting in Edinburgh, the leaders will review proposals to adopt a code of good business practice to encourage investment in developing members and to remove customs duties on exports from the least-developed nations.

The biennial meeting marks the first time the Commonwealth leaders have devoted their agenda to economic and trade issues.

For a group that traces its origins to the British empire, it is a late wake-up call to the forces of globalization, privatization and free trade. But members say it is time to shed the ideological baggage of empire, which long viewed foreign investment as a tool for neocolonialization, and to start looking for commercial advantage in their shared heritage.

"We have a common language in a global economy in the information age," the meeting's British host, Prime Minister Tony Blair, told a gathering of senior officials and business executives at a Commonwealth business forum in London this week. "We have many shared practices, similar legal and accounting systems. And we can do more business with each other if we make more of these advantages."

The forum itself was a sign of the times, providing the first such preconference occasion for business leaders to mix with the group's politicians.

It allowed such leaders as President Yoweri Museveni of Uganda and Prime Minister Chandrika Bandaranaike Kumaratunga of Sri Lanka to make their case for foreign capital by emphasizing their commitment to the market and free trade.

The trade initiative reflects a newfound confidence among Commonwealth leaders following the group's role in helping to end apartheid in South Africa and promote democracy in Africa.

Since the leaders adopted a set of principles on democracy and human rights at their 1991 meeting in Zimbabwe, the number of military dictatorships or one-party regimes has fallen to two from nine. Meanwhile, Yemen, Rwanda and the Palestinian National Authority are seeking admission to the club.

"It's a measure of success of a dynamic and increasingly relevant organization," said Chief Emeka Anyaoku, the Nigerian who serves as the Commonwealth secretary-general.

The Commonwealth has little to show so far for its efforts to restore democracy in Nigeria, which was suspended from the group in 1995 after the military regime executed Ken Saro-Wiwa, the author and minority rights advocate, and eight others, and in Sierra Leone, where the government was overthrown in a coup last November.

Some cat-and-mouse diplomacy threatened to overshadow the meeting when Foreign Minister Tom Ikimi vowed to send a Nigerian delegation to gate-crash the meeting, only to be told by Britain that any Nigerian officials would be denied entry to the country.

Commonwealth officials said the meeting was likely to leave policy toward Lagos on hold to see if General Sani Abacha keeps his promise of transferring power to an elected government by October 1998.

TRAVEL UPDATE

British Air to Expand Gatwick Operations

LONDON (AFX) — British Airways announced Thursday that it will increase its capacity at Gatwick Airport by 25 percent by the summer of 1998 and that it will add nearly 500 cabin crew and customer service jobs. It also said it would start new routes from Gatwick, add flights to existing services and buy larger and quieter aircraft.

BA said its expansion would focus on the United States, Latin America and the Caribbean. Five Boeing 777s will be added to the Gatwick fleet, replacing DC-10s that fly to Dallas-Fort Worth, Atlanta and Bermuda.

Bonn Has Bad News After Safety Checks

BONN (AFP) — About 90 percent of foreign charters checked in Germany since mid-1996 showed safety faults, in one case serious enough to pull the plane out of service, the German transport minister has said.

Of 738 plane safety checks, only 66 showed no safety faults, Matthias Wissman said Wednesday.

Approval for the high-speed train link that China hopes to build over the 1,300 kilometers (800 miles) that separate Beijing and Shanghai is "imminent," the railroad ministry said Thursday. *(AFP)*

General Strike Shuts Greece for 24 Hours

The Associated Press

ATHENS — A nationwide general strike brought Greece to a standstill Thursday, with serious disruptions to public transportation, banking and hospitals.

Greece's two largest unions, representing the public and private sectors, participated in the 24-hour strike against government austerity policies aimed at helping Greece meet the fiscal requirements for joining the European Union common currency.

Unions said the strike was a success, with 70 percent to 100 percent participation.

The national carrier, Olympic Airways, changed departure times of 12 international and 21 domestic flights. Many other flights were disrupted by a four-hour work stoppage by air traffic controllers.

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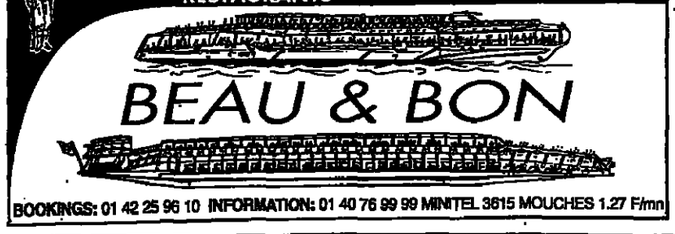

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Czechs Adopt Tighter Rules On Taxi Drivers

The Associated Press

PRAGUE — Legislators voted Thursday to tighten regulations on taxi drivers, many of whom, especially in Prague, have a reputation for overcharging, the news agency CTK reported.

The lower chamber of Parliament amended the law on road transport to introduce obligatory meters in taxis and to allow only people who are over 21 and have clean records to become taxi drivers, the report said.

The amendment also allows municipalities to set additional rules, such as requiring drivers to demonstrate knowledge of the cities or towns where they are licensed.

Of 185 deputies present, 165 voted for the amendment, which will come into effect next April, CTK said.

Last month, Prague authorities decided to reintroduce maximum taxi fares for delivery to particular locations, to try to curb cheating.

The drivers will be allowed to charge, at most, 17 koruna (about 51 cents) per kilometer (0.62 mile) and to set the starting fare at a maximum of 25 koruna. The move should become effective Dec. 1.

WEATHER

Europe

	Today High	Today Low/W	Tomorrow High	Tomorrow Low/W
	C/F	C/F	C/F	C/F
Algarve	21/70	17/62 c	23/73	17/62 c
Amsterdam	6/43	3/37 c	8/46	4/39 r
Ankara	13/55	5/41 r	14/57	7/44 r
Athens	23/73	18/64 c	21/70	13/55 r
Barcelona	19/66	9/48 pc	17/62	11/52 s
Belgrade	14/57	-2/29 c	7/44	-2/29 s
Berlin	3/37	-1/31 pc	5/41	-3/27 sn
Brussels	7/44	2/35 c	9/48	3/37 c
Budapest	9/48	-5/24 s	8/43	-1/31 pc
Copenhagen	3/37	-2/28 pc	4/39	-6/22 sn
Costa Del Sol	23/73	16/61 pc	22/71	17/62 c
Dublin	11/52	6/43 pc	12/53	7/44 pc
Edinburgh	6/43	2/35 c	8/46	4/39 sh
Florence	17/62	3/37 pc	11/52	4/39 s
Frankfurt	3/37	-2/28 pc	4/39	-5/24 sn
Geneva	9/48	-2/29 pc	9/48	2/35 s
Helsinki	-3/27	-9/16 c	-4/25	-7/20 sn
Istanbul	18/64	14/57 r	16/59	7/44 r
Kiev	8/43	-4/25 pc	1 /34	-7/20 pc
Las Palmas	25/77	21/70 pc	26/79	21/70 pc
Lisbon	19/66	17/62 c	22/71	16/61 c
London	9/48	3/37 pc	11/52	6/43 pc
Madrid	18/64	8/46 c	21/70	10/50 c
Mallorca	22/71	11/52 s	21/70	11/52 s
Milan	15/59	1/34 s	10/50	3/37 s
Moscow	1/34	1/34 sn	2/35	-7/20 sn
Munich	4/39	-7/20 pc	3/37	-2/29 c
Nice	20/68	8/46 s	14/57	9/48 s
Oslo	2/35	-4/25 pc	1/34	-7/20 pc
Paris	9/48	0/32 pc	9/48	3/37 pc
Prague	3/37	-6/22 pc	8/37	-1/31 sn
Reykjavik	7/44	6/43 r	10/50	9/48 r
Riga	1/34	-4/25 c	1/34	-6/22 pc
Rome	22/71	9/48 s	16/61	6/43 s
St. Petersburg	0/32	-4/25 pc	-1/31	-7/20 c
Stockholm	-2/29	-5/24 c	-1/31	-8/18 c
Strasbourg	6/43	-2/29 pc	7/44	1/34 pc
Tallinn	-2/29	-6/22 c	-3/27	-8/22 sn
Tbilisi	16/61	10/50 r	17/62	13/55 sh
Venice	14/57	0/32 s	9/48	3/37 s
Vienna	5/41	-6/22 pc	4/39	1/34 pc
Warsaw	2/35	-6/22 s	1/34	-6/21 sn
Zurich	7/44	-2/29 pc	8/43	-1/31 pc

Middle East

Abu Dhabi	39/97	23/73 pc	34/93	21/70 pc
Beirut	23/73	17/62 s	26/79	19/66 s
Cairo	29/84	16/61 s	32/89	17/62 s
Damascus	23/73	10/50 s	27/80	11/52 s
Jerusalem	21/70	10/50 s	24/75	12/53 s
Luxor	31/88	12/53 s	34/93	14/57 s
Riyadh	33/91	17/62 s	32/89	18/64 s

Africa

Algiers	25/73	19/66 pc	22/71	18/66 pc
Cape Town	18/66	8/46 s	19/66	7/44 pc
Casablanca	23/73	17/62 c	26/79	18/64 pc
Harare	29/84	10/50 s	28/82	9/48 pc
Lagos	30/86	23/73 pc	31/88	23/73 pc
Nairobi	27/80	13/55 c	26/82	13/55 pc
Tunis	23/73	12/53 r	22/71	11/52 pc

Forecast for Saturday through Monday, as provided by AccuWeather.

Jetstream — Unseasonably Cold — Unseasonably Mild — Heavy Rain — Heavy Snow

North America
A storm in the southern Plains Saturday will head northeast with soaking rain from Illinois to Pennsylvania. Cold air will spill southward across the northern Plains and the Great Lakes behind that storm. Sunny and warm in the far West through Monday. Rainy and cool in the Northeast.

Europe
Cold with snow and ice across Scandinavia and western Russia Saturday to Monday; Warsaw could also have some snow this weekend. Dry and chilly with some sun in Germany, while England and northern France will be partly sunny and cool. Warming up in Spain and southern France.

Asia
Windy and cold in Beijing and most of northeast China this weekend, but a little milder on Monday. Manchuria will be windy and cold with snow and blowing snow. Showers in Tokyo Saturday, then dry and cooler. Soaking rain will fall across southeastern China, and in southern and eastern Tibet.

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, Hce, W-Weather.

All maps, forecasts and data provided by AccuWeather, Inc. © 1997

Asia

	Today High	Today Low/W	Tomorrow High	Tomorrow Low/W
	C/F	C/F	C/F	C/F
Almaty	18/64	4/39 s	18/64	6/43 s
Bali	32/89	21/70 s	31/88	21/70 s
Bangkok	33/91	23/73 pc	31/88	23/73 pc
Beijing	9/48	-2/29 s	8/46	-2/29 s
Bombay	32/89	20/68 s	31/88	19/66 s
Calcutta	29/84	19/66 pc	29/84	19/66 pc
Chiang Mai	32/89	21/70 pc	30/86	19/66 pc
Colombo	29/84	23/73 pc	29/84	23/73 sh
Hanoi	31/88	23/73 pc	29/84	22/71 sh
Ho Chi Minh	31/88	22/71 r	30/86	22/71 pc
Hong Kong	28/82	21/70 pc	26/79	20/68 pc
Islamabad	29/84	10/50 s	29/84	12/53 s
Jakarta	31/88	23/73 pc	31/88	22/71 pc
Karachi	33/91	18/66 s	32/89	19/66 s
K. Lumpur	31/88	22/71 sh	31/88	22/71 pc
K. Kinabalu	29/84	22/71 pc	29/84	22/71 sh
Manila	31/88	22/71 pc	30/86	22/71 c
New Delhi	36/82	13/55 pc	30/86	13/55 s
Phnom Penh	30/86	22/71 sh	29/84	22/71 pc
Phuket	33/91	23/73 pc	31/88	22/71 sh
Rangoon	32/89	23/73 pc	31/88	21/70 pc
Seoul	13/55	-1/31 pc	9/48	-1/31 pc
Shanghai	23/73	12/53 pc	18/61	7/44 c
Singapore	30/86	21/70 pc	29/84	21/70 pc
Taipei	28/79	18/64 s	28/79	19/66 pc
Tokyo	23/73	16/64 s	22/71	15/59 pc
Vientiane	32/89	19/66 pc	29/84	19/66 c

North America

Anchorage	1/34	-9/18 pc	-2/29	-10/15 pc
Atlanta	19/66	13/55 c	22/71	10/50 sh
Boston	13/55	6/43 pc	16/61	10/50 r
Chicago	10/50	6/43 r	7/44	1/34 r
Dallas	29/82	13/55 s	16/61	4/39 pc
Denver	3/37	-6/22 sn	7/44	-3/27 pc
Detroit	11/52	6/43 r	11/52	1/34 r
Honolulu	29/84	21/70 pc	30/86	22/71 pc
Houston	30/86	18/64 pc	21/70	7/44 pc
Los Angeles	24/75	13/55 s	23/82	12/53 s
Miami	29/84	22/71 pc	30/86	24/75 pc
Minneapolis	4/39	-3/27 sn	1/34	-9/15 pc
Montreal	4/39	-5/24 pc	11/52	4/39 sh
Nassau	29/84	21/70 s	31/88	24/75 s
New York	16/61	10/50 pc	14/57	11/52 r
Orlando	29/84	18/64 pc	29/84	21/70 pc
Phoenix	24/75	9/48 s	28/79	13/55 s
San Fran.	21/70	10/50 pc	22/71	11/52 s
Seattle	13/55	7/44 pc	15/59	10/50 r
Toronto	8/46	4/39 r	12/53	1/34 sh
Vancouver	9/48	7/44 r	17/62	9/48 r
Washington	17/62	10/50 pc	17/62	11/52 r

Latin America

Buenos Aires	25/77	13/55 s	28/79	13/55 pc
Caracas	29/84	20/68 c	29/84	21/70 pc
Lima	23/73	17/62 pc	22/71	17/62 pc
Mexico City	24/75	10/50 s	22/71	11/52 pc
Rio de Janeiro	28/79	18/66 s	28/82	22/71 pc
Santiago	21/70	6/43 pc	18/64	3/37 pc

Oceania

Auckland	17/62	9/48 s	17/62	11/52 pc
Sydney	26/79	18/64 pc	27/80	18/64 pc

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THE AMERICAS

Laser Test Was Failure, Giving No Useful Data

No Readings From Targeted Satellite

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — A U.S. Army experiment last week involving the targeting of an air force satellite by a powerful laser produced no useful data on the laser's lethality, failing to meet the experiment's principal goal, according to defense and congressional officials.

Not only that, the laser suffered a technical malfunction in the aftermath of the experiment, which was ostensibly designed to assess how vulnerable U.S. military satellites are to ground-based lasers, the officials said.

Word of the setbacks seeped out two days after the Defense Department pronounced the experiment a success because the laser at White Sands Missile Range, New Mexico, was able to strike the satellite as planned when it flew 260 miles (415 kilometers) overhead last Friday.

The laser was able to hit the satellite with a relatively low-power beam, comparable in intensity to what the army uses routinely to track satellites in space, a department spokesman, Robert Potter, said. It had done this on previous occasions. But the satellite was unable to transmit any data during the moments when the laser struck it with a beam of gradually increasing intensity. Mr. Potter said this circumstance fell into the category of things "we did not accomplish but would have liked to."

Mr. Potter added that no mention of the shortcomings was made on Monday because public affairs officials in Washington were unaware of them. An account of some of the problems appeared in the trade publication Inside Missile Defense.

Mr. Potter also said the severity of the laser's malfunction was unclear because the army was "very reticent" to provide details, but said he understood the damage was not permanent.

Hitting the satellite at the higher power level was such a precedent-setting event that it required the personal approval of Defense Secretary William Cohen. It also came over the objections of President Boris Yeltsin of Russia, who wrote President Bill Clinton a letter last month on arms control matters that included a complaint about the impending experiment.

Democratic lawmakers and U.S. satellite makers also had raised protests, arguing that no serious threat to U.S. satellites exists now and that, given the country's reliance on satellites, it has the most to lose from a global arms race in satellite-killing weapons.

L.M. Otero/The Associated Press

HOPEFUL — People waiting for applications to be processed at the office of the Immigration and Naturalization Service in Dallas. The House of Representatives agreed to extend by two weeks a statute that allows illegal immigrants to remain in the United States, if they pay a $1,000 fine, as they seek residency status.

Away From Politics

• **A power outage hit San Francisco,** disrupting business and forcing residents to direct traffic through intersections with no lights. Failure of a bank of transformers at about 6:15 A.M. blacked out a five-mile stretch in midtown, from the Marina District to Sunset District. High-rises went dark and hospitals were forced onto emergency generators. *(AP)*

• **A man in Dover, New Jersey, was in critical condition** after contracting rabies from a bat, the first confirmed case of human rabies in the state in 26 years. *(AP)*

• **An air force training jet collided** with an F-16 fighter over Edwards Air Force Base in California and crashed in the Mojave Desert, killing the two men aboard the trainer, an American and a Briton. The F-16 landed safely on a dry lake bed at the desert base, and the two Americans aboard were reported to be unhurt. *(NYT)*

• **Three members of an international child pornography ring** that used the Internet to transmit pictures of children being sexually molested have been sentenced in San Jose, California, to long prison terms. Ronald Riva of Greenfield, California, was sentenced to 30 years in prison; David Tank of Cheney, Washington, to 19 years and 7 months, and Christopher Saemisch of Lawrence, Kansas, to 11 years. *(Reuters)*

Hate Spiels Are Only a Mouse Click Away on the Internet

By Michael Janofsky
New York Times Service

WASHINGTON — From an Internet Web site called Nazism Now, it takes only a mouse click to reach such sites as "I Hate Jews — The Anti-Semetic Homepage"; "Knights of the Ku Klux Klan," and the "White Nationalist Resource Page."

Those and dozens of other sites celebrate white supremacy, anti-government fervor and denial of the Holocaust. In recent years, the number of such sites has doubled, to 250 or more, officials of the Anti-Defamation League say in a report. Abraham Foxman, national director of the league, said he would like to see software that can block such sites, similar to that available to parents who want to block their children's access to sex and violence on television.

But with cyberspace so vast, and growing beyond a foolproof reach of any single blocking program, Mr. Foxman said Tuesday, league officials have begun discussions with America Online, the largest Internet service provider in the United States, to create a warning system that would alert members to content they might find objectionable.

William Burrington, America Online's director of law and public policy, said that such a program might be available in the next several months but that its effectiveness would be limited. As a subscription service, America Online provides a path to the Internet for its members only, about 9 million people. Tens of millions of people around the world gain access through hundreds of other providers.

Any blocking system would have a formidable amount of content to cover. As the league's report says: "Shrewd bigots" recognize the power of the Web "and are rushing to use the enormous power of this revolutionary new communications medium."

Some sites carry their own red flags. The Knights of the Ku Klux Klan warn visitors that their views are not necessarily shared by the provider, adding: "This page is entirely political in nature. If you do not agree with our politics, that is fine. Just remember that we have every right to express our opinion."

But more often, the bigotry is trumpeted. The misspelled "Anti-Semetic Homepage" shows a picture of a burning synagogue and asks, "Hate Jews?" If so, visitors are told, they are in the right place.

Zedillo Assails U.S. for 'Mess' Left by Drugs

By Douglas Farah
Washington Post Service

MEXICO CITY — President Ernesto Zedillo, breaking from his traditionally diplomatic tone, said the United States should pay Mexico reparations for the harm that drug trafficking has done his nation rather than judge Mexico's anti-drug efforts.

The remarks, published Wednesday in several newspapers, were made to reporters after a meeting of the Inter-American Press Association in Guadalajara. A presidential spokesman had no comment on the statements, which were not taped. But several newspapers quoted Mr. Zedillo's statements identically.

Mr. Zedillo's comments, which contrasted with his frequent public pledges of cooperation, came as the debate over Mexico's anti-drug efforts continued in the United States and as senior U.S. and Mexican officials met in Washington to find new ways to cooperate in the fight against drug trafficking.

For example, Mr. Zedillo, who in the past has gone out of his way to avoid confrontation on drug-related issues, blasted the annual process of certification, in which the United States evaluates the anti-drug efforts of countries around the world. "They still want to certify us," Mr. Zedillo was quoted as saying. "They should indemnify us for the filthy mess they leave us."

The process is detested by Latin Americans, who say the United States — where most of the cocaine produced in the hemisphere is consumed — lacks the moral authority to judge other nations.

POLITICAL NOTES

Republicans Distributed Funds To Sympathetic Outside Groups

WASHINGTON — In the closing weeks of the 1996 campaign, the Republican National Committee steered more than $1 million in contributions from its major donors to sympathetic outside groups, collecting the checks at the RNC and then passing them on to the other organizations, documents obtained by Senate investigators show.

The documents, obtained last week from the campaign of former Senator Bob Dole, Republican of Kansas, by the Senate Governmental Affairs Committee, demonstrate that Haley Barbour, who was then chairman of the Republican National Committee, and the deputy finance director, Jo-Anne Coe, tapped big Republican donors to make large contributions to the outside groups. Unlike political parties, such groups don't have to disclose where their money comes from or how they spend it.

The groups included the National Right to Life Committee, an anti-abortion group that was heavily involved in voter education projects in the 1996 campaign, and Americans for Tax Reform, which made 4 million phone calls and sent 19 million pieces of mail urging voters to dismiss Democratic warnings about Medicare cuts.

The documents show that Miss Coe passed on checks for $100,000 each to the Right to Life Committee and Americans for Tax Reform from Carl Lindner of the American Financial Group, a major donor to both parties. *(WP)*

Is Social Security Next for Clinton?

NEW YORK — With trade liberalization and global warming already on the menu, one might expect President Bill Clinton to take a break before heaping another difficult-to-digest economic issue on his plate. In fact, the White House is close to making a decision on whether to add Social Security to his agenda. There is reason for the haste. While the president has three years left in office, the political window of opportunity for tackling this most sensitive of issues is narrow.

Creating the bipartisan will to cut benefits or force workers to set aside more of their incomes for retirement is only the first step. Actually designing the plan to eliminate $8 trillion in unfunded pension liabilities could prove far more difficult.

After this summer's budget accord, a triumphant Mr. Clinton allowed that the respite from fiscal crisis "gives us a rare opportunity to take steps for the long-term well-being of our country." If that is to include major changes in Social Security before the millennium, the White House is convinced the campaign must begin soon. *(NYT)*

Quote/Unquote

Hillary Rodham Clinton, on finding safe, reliable child-care in the United States: "I think it's a silent crisis. Most parents know that it's very difficult to find, at affordable cost for them, what they want for their children." *(AP)*

'Bill of Rights' for Health Care

Proposal Spells Out Protections for Those Insured

By Amy Goldstein
Washington Post Service

WASHINGTON — A presidential commission has outlined a broad set of protections for consumers frustrated by a changing health care system, proposing that patients be guaranteed a choice of medical plans, more information to make smart decisions and new ways to protest when they become dissatisfied with their care.

Under the proposal, intended to protect all Americans with insurance, health plans would be forbidden from imposing "gag rules" that restrict the kind of treatment options physicians can mention to their patients. The confidentiality of medical records would be guarded more closely. And patients who are pregnant or chronically ill would be able to keep their own doctor for a guaranteed period of time, even if forced to switch health plans.

The proposed "bill of rights" is the first concrete plan to emerge from a diverse panel — including representatives of insurance companies, consumers, physicians and employers — that for months has been debating what safeguards are needed to ensure good medical care.

As a result of a quiet, ongoing revolution in health care, most patients now are covered through health maintenance organizations and other forms of "managed care," which try to constrain costs by limiting how much and what kind of care people may receive.

Even as its members found broad areas of consensus Wednesday, the commission remained splintered over several important questions — whether health plans should be able to exclude people who are sick, for example.

Only those initiatives that won unanimous approval were included in the proposals agreed to Wednesday.

The panel plans to adopt its "bill of rights" in final form next month and to submit it to President Bill Clinton, who will have to decide if it should become the basis for legislation, regulation or exhortations for the insurance industry to police itself.

Trade Center Bomber Aimed to Topple Tower, Agent Says

By Benjamin Weiser
New York Times Service

NEW YORK — As smoke rose from the towers of the World Trade Center on Feb. 26, 1993, after a huge blast had torn through the center's garage, a jury here was told, a man watched intently from across the Hudson River.

The man, Ramzi Ahmed Yousef, may have had mixed feelings as he watched, a Secret Service agent suggested in testimony in U.S. District Court on Wednesday. While the blast killed six people and injured more than 1,000, Mr. Yousef had hoped it would topple one of the Trade Center towers and kill tens or hundreds of thousands, the agent testified.

Still, he must have been relieved that he himself was not among the bomb's victims. Not long before, according to the federal agent's account, Mr. Yousef and several confederates had sat trapped behind a truck as they tried to flee the Trade Center's garage, feeling like characters in an action movie as the bomb's timer ticked down.

The agent's testimony was based on the six hours that he said he and a colleague had spent questioning Mr. Yousef on a flight to the United States from Pakistan after his arrest there in 1995. It added a number of details to the government's case against Mr. Yousef, who is on trial in New York on federal charges of masterminding the Trade Center bombing. Shortly after the agent's testimony, federal prosecutors rested their case.

Through much of the government's case, which has taken more than two and a half months to present, the jury has heard tedious testimony from scientists and other experts about mostly forensic evidence — chemicals, fingerprints, explosive residue.

But the jurors seemed particularly attentive Wednesday as the Secret Service agent, Brian Parr, described what he said were Mr. Yousef's admissions about his direct role in the bomb plot, his motives and goals, and where he had thought he had failed.

"He said it was in retaliation for U.S. aid to Israel," Mr. Parr testified. "I asked, why not select Israeli targets? He said Israeli targets were too difficult to attack. He said if you cannot attack your enemy, you should attack the friend of your enemy."

Mr. Yousef said he had hoped the explosion would cause one tower to topple into the other and kill 250,000 Americans, Mr. Parr testified.

"He related to us that during World War II the Americans had dropped the atomic bombs on the cities of Hiroshima and Nagasaki, killing 250,000 civilians, and he said that the Americans would realize if they suffered those types of casualties that they were at war," Mr. Parr said.

Lawyers for Mr. Yousef and his co-defendant, Eyad Ismoil, who is accused of driving the van containing the bomb, will begin presenting their case next Tuesday. While Mr. Yousef was convicted last year for a plot to bomb airliners in the Philippines, the current case is his first trial on charges connected to the Trade Center attack. Four other conspirators were convicted in the Trade Center bombing in 1994.

TEFAF Maastricht
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ASIA/PACIFIC

Taiwan? What's the Problem? Ask Chinese Officials Now

By Steven Mufson
Washington Post Service

BEIJING — Just 18 months ago, tensions over Taiwan nearly sent U.S.-China relations up in flames. China fired live missiles off the island to intimidate Taiwanese voters and the United States sent 16 warships to the area.

Now, just before President Jiang Zemin's visit to the United States, the warships and missiles are quiet. China is sending a more conciliatory message: Keep the status quo and let time and closer contacts between China and Taiwan solve the Taiwan problem.

"We don't have any time frame for solving this problem," Tang Shubei, head of the Association for Relations Across the Taiwan Strait, said in an interview last week. Instead of criticizing the United States for its relations with Taiwan, Mr. Tang expressed satisfaction with U.S. efforts to defuse the issue.

The issue is this: Taiwan, once a dictatorship, is now a democratic, self-governing island with the world's second-largest foreign exchange reserves, a major role in the world economy and strong ties to the United States. But China still regards the island as one of its provinces, split off by fleeing Nationalist forces who had lost China's civil war to the Communists in 1949.

The United States severed formal ties with Taiwan when it recognized China in 1979. Washington has recognized that there is only "one China" in three communiqués: the Shanghai Communiqué in 1972, the communiqué establishing diplomatic relations in 1979 and an additional joint communiqué in 1982.

Since those accords, Taiwan has blossomed into a vibrant democracy. Yet it lost China's seat in the United Nations, still lacks a seat of its own and is only an observer in many international organizations.

Taiwan's status remains an emotional issue on both sides.

"Taiwan is the core issue that can rock our relationship," said a key Chinese foreign policy adviser. "Other issues could be problems," he added, but "Taiwan could be a disaster."

"China and the United States would like to maintain the status quo," said Chu Shulong, director of the North America affairs division of the China Institute of Contemporary International Relations. "But the problem is Taiwan. A lot of people say that Taiwan's president, Lee Teng-hui, can destroy U.S.-China relations any time he wants."

Mr. Lee did nearly that two years ago. Driven by popular sentiment in Taiwan for independence and wider world acceptance, he waged a campaign of "pragmatic diplomacy," making so-called private visits to countries that had not recognized Taiwan as separate from China. During those visits, he would find the opportunity to meet other heads of state.

In January 1995, Mr. Jiang announced an eight-point plan for warmer relations with Taiwan. While he did not renounce the option of using force to bring about reunification, he did say that Chinese should not fight Chinese. In the context of China's cautious political environment, it was an outstretched hand.

Mr. Lee ignored it. He applied for and received permission to attend an alumni reunion at Cornell University, in Ithaca, New York, in mid-1995, even though the United States had denied visas to Taiwan government officials for more than 15 years. China's government was enraged, and Chinese-American relations soured.

Chinese leaders in favor of a tough stand ruled the day and the missile tests followed in March 1996, coinciding with the first democratic elections for a Taiwanese president. Those elections posed a threat both to China's argument that Taiwan is a province and to China's assertions that democracy cannot work in an Asian context.

Now, however, the storm seems to have passed. Mr. Lee's recent stopover in Hawaii on his way to Central America was largely ignored here, and China seems less bothered by Taiwan's quixotic campaign for UN membership.

Instead, Chinese officials once again talk about Mr. Jiang's eight points. While competing with Taiwan for the support of even the smallest countries, China plans new nongovernmental exchanges with Taiwanese. A few months ago, China said that if Taiwan rejoined China, the island could keep its military forces and Mr. Lee could receive the largely symbolic post of vice president of China. And a Beijing monthly magazine, Cross-Straits Relations, called this week for early political negotiations between the mainland and Taiwan.

The only item Beijing will not compromise on is sovereignty.

"Under the prerequisite of one China, any issue can be discussed and any comment and proposal, if it is helpful to the reunification of the motherland, can be put forward," Mr. Jiang told the recent Communist Party congress.

Meanwhile, Taiwanese business in China is thriving. About 35,000 Taiwanese companies operate on the mainland, and Taiwanese have invested about $15 billion in China.

Beijing realizes that for now, the best it can hope for is the status quo, a phrase used by three influential Chinese foreign policy analysts to describe China's limited goals. Polls show a vast majority of Taiwanese favor either their de facto independence or formal independence.

Mr. Tang said bluntly that the Chinese government cannot deal with Mr. Lee. "For the next two years, while Lee Teng-hui is in office, it won't be possible to solve this Taiwan problem," Mr. Tang said.

Meanwhile, though, policymakers in Washington and Beijing worry about what Taiwan will do next.

Despite China's more conciliatory tone toward the United States over Taiwan, Beijing still seeks U.S. assurances.

Governing Party in Seoul Caroms Toward a Split

Reuters

SEOUL — The governing New Korea Party appeared to roll closer to a split Thursday when a key supporter of President Kim Young Sam resigned as the party's general secretary.

Kang Sam Jae, known as a link between President Kim and the party's presidential candidate, Lee Hoi Chang, resigned a day after Mr. Lee demanded that the president leave the party to ensure a fair presidential election on Dec. 18.

Mr. Kang's departure signaled the seriousness of the rift between Mr. Lee and President Kim's core of party faithful, analysts said.

"This incident seems to confirm the ruling party is splitting up," said Shin Myung Soon, a political science professor at Yonsei University. "The faction dissatisfied with Lee could form an anti-Kim Dae Jung coalition and choose a new candidate."

Kim Dae Jung, the opposition candidate for the National Congress for New Politics, leads most polls as the favorite to win the presidential election.

Mr. Kang had accused Kim Dae Jung of amassing $73 million in slush funds and concealing the money in relatives' accounts. Mr. Kim has denied the allegations.

But the governing party and Mr. Lee were wounded Tuesday when South Korea's prosecutor-general said he would not look into the claims against Mr. Kim until after the election.

"For the past two and a half months, I worked for one goal, to win the election with our party candidate, Lee Hoi Chang," Mr. Kang said. "But I have not been able to produce any good results, and I feel it is because of my own shortcomings."

Some party officials said the prosecutor's decision indicated that President Kim no longer supported his own candidate, Mr. Lee.

Mr. Lee's attack on President Kim came the next day, and the president rebuffed him by saying through his spokesman that he had no intention of leaving the party or of resigning as its honorary chairman.

Kim Chung Geun, who also resigned Thursday — as an adviser to Mr. Lee — said the New Korea Party could splinter.

"The party could be dissolved in order to support a new candidate, or the party could force Lee to give up his candidacy," Kim Chung Geun said.

"If the candidate can't win the election then measures must be taken so that the party can win."

He said the party could back Rhee In Je — a former governor of Kyonggi Province who left the New Korea Party to run independently — through an alliance or by creating a new party.

President Kim, meanwhile, said Thursday that he would meet the presidential candidates individually. His spokesman said the president was scheduled to meet Kim Dae Jung for breakfast Friday.

Roslan Rahman/Agence France-Presse

SINGAPORE SOUP — A worker eating lunch Thursday with the city behind him veiled in haze. Smoke from forest fires in Indonesia has pushed air pollution levels in Singapore past the unhealthy mark.

BRIEFLY

Burmese Dissident Dies in Prison

RANGOON — A member of Daw Aung San Suu Kyi's National League for Democracy Party has died in custody, Burma's military government said Thursday.

U Kyaw Din, 58, died of acute pulmonary edema Monday at a prison hospital while serving a two-year jail sentence, the government said in a statement.

The hospital said U Kyaw Din also suffered from renal failure and "malignant hypertension."

Officials from the party, co-founded and run by Aung San Suu Kyi, were not available for comment. Six well-known party members have died in custody since 1988, the party's records show. *(Reuters)*

Fire, but Not Smog, Abates in Indonesia

JAKARTA — Forest and brush fires in Indonesia are gradually being brought under control, but smog from months of burning is still posing problems at home and abroad, a senior environmental official said Thursday.

Yon Artiono Arba'i, director for environmental degradation control at the Environmental Impact Management Agency, said local efforts had controlled many fires, but because of a lack of rain the smog had yet to disperse.

Indonesian satellite data showed hot spots, most probably fires, concentrated mostly in southern Sumatra as well as central and southern Kalimantan, on the Indonesian side of Borneo. *(Reuters)*

China's Old Guard To Visit Hong Kong

HONG KONG — Retired Chinese Communist leaders will tour their newly regained region of Hong Kong to see its progress, but their movements will be kept secret, the Hong Kong government said Thursday.

Hong Kong reverted to Beijing's control on July 1 after 156 years as a British colony and is now a special capitalist region of China with far-reaching autonomy.

The spokesman did not reveal the names of Communist Party veterans who would come to Hong Kong, but local news organizations have said that up to 30 veterans might visit, including China's former president, Yang Shangkun. *(Reuters)*

Party Cracks Down On Vietnam Media

HANOI — Vietnam said Thursday it had issued instructions to state media demanding adherence to Communist Party policy and criticizing newspapers for reporting inaccuracies and revealing state secrets.

The official Vietnam News Agency said the directive, issued at the Politburo level, stressed the media's role in forming healthy public opinion. The agency said it criticized newspapers for bowing to commercialization and other influences of the market economy. *(Reuters)*

Hun Sen Rejects Pol Pot's Genocide Denial

Reuters

SIEM REAP, Cambodia — The Cambodian leader Hun Sen rejected a statement by the Khmer Rouge leader Pol Pot that he was not responsible for genocide, and said he hoped to arrest him this year.

"Why do we need to state that Pol Pot denied killing people? The people who are present here are the remains of Pol Pot's killing," Mr. Hun Sen said at a news conference Thursday in Siem Reap after meeting with King Norodom Sihanouk.

Mr. Pol Pot was unrepentant in an interview with the Far East Economic Review last Thursday and denied that more than one million Cambodians died of murder, disease or overwork during the 1975-79 "killing fields" regime.

"To say that millions died is too much," he said in the interview with the magazine. "My conscience is clear."

Mr. Pol Pot's former comrades deposed him as leader of the Khmer Rouge guerrillas in June after a bloody split among its top leaders. He now lives under house arrest at the Khmer Rouge headquarters at Anlong Veng in the northern Cambodian jungle.

Mr. Hun Sen said senior military officers had told him they thought it possible to capture Anlong Veng.

"I hope we will arrest him," Mr. Hun Sen said, "perhaps by the end of this year."

Other Cambodians, who lived under the Khmer regime, also expressed disbelief and dismay that Mr. Pol Pot felt no remorse for the death and suffering endured during his Maoist-style revolution.

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EUROPE

Yeltsin's Political Battle Snarls Tax-Reform Plan

By David Hoffman
Washington Post Service

MOSCOW — President Boris Yeltsin's ambitious effort to reform Russia's limping taxation system has been thrown into confusion by his recent attempt to defuse a political challenge to him by post-Soviet Communists in the State Duma, the lower house of Parliament.

Tax reform lies at the heart of Mr. Yeltsin's drive to heal Russia's public finances. But the reforms now seem to have been left in limbo by the complicated legislative negotiations on other issues.

Members of the reorganized Communist Party and their allies, who have been battling the government over proposed budget cutbacks, threatened last week to call for a vote of no confidence in the Yeltsin government.

They backed down this week after Mr. Yeltsin agreed to symbolic concessions — such as more legislative oversight over public television, periodic Kremlin round-table meetings on disputed issues and a new government-funded Parliament newspaper — while rejecting the Communists' main demands.

But at the same time, Mr. Yeltsin threw a cloud over his tax-reform plan — the revenue base for the 1998 budget — by threatening to withdraw the existing version of the legislation from the lower house, the State Duma, a warning he made in a brief letter to Parliament.

On June 19, when the proposed tax code cleared the Duma on its first reading — the initial step toward adoption — Mr. Yeltsin hailed the step as "a great victory for us."

Since then, opposition to the legislation has mounted, partly from the centrist Yabloko bloc, and Mr. Yeltsin's reform team has hinted that it might seek to win approval for only parts of the code.

The government reformers, led by First Deputy Prime Minister Anatoli Chubais, have said that tax overhaul is desperately needed and that it is one of the Yeltsin leadership's top priorities. The legislation would restructure the archaic patchwork of Soviet-era tax laws, slimming down a total of 200 tax measures to about 30.

The new top tax rate for individuals would be cut to 30 percent, down from 35 percent, while persons earning below the equivalent of about $10,500 a year would be taxed at a rate of 12 percent.

More important, many specialists say that a new code is needed to restore the tax base itself, which has crumbled in many areas.

Tax evasion by businesses and individuals has devastated Russia's public finances, leaving teachers, nurses, nuclear-plant workers, law enforcement people, pensioners and thousands of others unpaid.

Last year, Mr. Chubais tried to force major companies to settle the back taxes they owed the government or face bankruptcy.

But he acknowledged recently that government revenue from taxes continued to fall far below expectations.

The result has been draconian budget cuts, often by 50 percent or more of the amounts approved, and bitter conflicts among the interests and regions competing for what is left.

Parliament is now debating the 1998 budget, which is predicated on enactment of the new tax code.

But Mr. Yeltsin's message left it uncertain whether any portion of the bill would get through the Duma before the next fiscal year.

Parliamentary experts said it was not even clear whether, or how, the government could pull back such legislation after it had already cleared a first reading.

Bills require three readings to pass the lower house, which is dominated by a combination of Communists and Russian nationalists.

Nor was it clear whether Mr. Yeltsin's intent was to slow the tax bill's movement for some tactical purpose — or perhaps to gain time to build a consensus in its favor.

Laszlo Balogh/Reuters

BAD MEMORIES — Hungarians waving post-communism flags on Thursday, marking the day 41 years ago when the nation rose against Stalinist rulers, drawing Soviet tanks into bloody attacks.

Prime Minister Viktor Chernomyrdin told the Duma Thursday, "The government is ready for any compromise."

Late in the day, a joint panel made up of members of Parliament and representatives of the government, conferring on the budget, urged that the tax bill not be pulled back.

Instead, the panel suggested that the legislation be advanced to a second reading, at which time it could be amended, rather than starting the process all over again.

■ *Duma Support for Tax Action*

Gennadi Seleznyov, the speaker of Russia's State Duma, who is a Communist, said he favored continuing work on the Yeltsin government's tax-reform program, The Associated Press reported from Moscow. Mr. Seleznyov said the Parliament's leaders would make a final decision next week.

"In effect, taking into account the proposed amendments, this is a new draft of the code," Mr. Seleznyov added.

Sweden Keeps Its License

EU Upholds State Monopoly on Alcohol Sales

By Barry James
International Herald Tribune

BRUSSELS — The European Court of Justice on Thursday upheld Sweden's state monopoly on the sale of alcohol, accepting the argument that it was justified on public-health grounds but warning that aspects of it were an impediment to free trade within the European Union.

The ruling also has implications in Finland, an EU member, and Norway. All three Nordic countries operate similar monopolies. They use part of their income for anti-alcohol publicity and treatment.

"The Swedish retail monopoly pursues a public health aim," the court ruled. "Its criteria and methods of selection are neither discriminatory nor liable to put imported products at a disadvantage."

It said that retail sales through monopoly shops and other state-approved outlets were legal. But it said Sweden breached European law and impeded trade by insisting that only licensed producers or wholesalers could import alcoholic beverages, putting traders in other countries at a disadvantage. The court said Sweden could pursue its public-health aims without this restriction.

A Finnish minister responsible for health and social affairs, Tertu Huttu-Juntunen, told Reuters the decision was "proof that the European Union understands that alcohol policy is part of our Nordic welfare state ideology. The decision enables us to conduct a national alcohol policy based on our own national needs."

The court was asked by a tribunal in the southern Swedish town of Landskrona to rule whether the alcohol monopoly contravened the EU's founding Treaty of Rome. Article 30 of the treaty bans "quantitative restrictions on importation," and article 37 obliges member states to ensure that state monopolies do not result in commercial discrimination.

A grocery store owner in Landskrona, Harry Franzen, challenged the law by selling wine in his shop in 1994 for a brief period until the police stopped him. That was before Sweden joined the EU in 1995.

Mr. Franzen has become a hero for many Swedes. He said that the court ruling was a "partial victory" and that he would keep fighting the Swedish government. Despite his popularity, a poll published in Stockholm this week indicated that more than half the population wanted to keep the century-old restriction on liquor, while relaxing the rule on wine.

Russia's CIS Allies Criticize Yeltsin

Reuters

CHISINAU, Moldova — Leaders of 11 former Soviet republics criticized Boris Yeltsin, president of Russia, on Thursday for the failure of their post-Communist grouping and for ethnic conflicts in their territories.

The Kremlin leader, apparently chastened after being put on the spot at a summit meeting of the Commonwealth of Independent States, said the CIS — formed from the ashes of the Soviet Union — would have to be completely reorganized.

"There was serious criticism of Russia," Mr. Yeltsin said at a news conference in the Moldovan capital, Chisinau, known as Kishinev during Soviet times, after leaders of the 12 CIS states met in a closed summit session.

Of the 11 presidents present, six, including Mr. Yeltsin, had been members of the ruling Soviet Communist Party's Politburo.

"Each noted its own role," Mr. Yeltsin said. "But Russia, as chairman, is to blame for the fact that the CIS has worked irrationally and ineffectively."

"Russia is responsible for the dragging out of the issue of conflict zones in Dnestr, Abkhazia and Georgia and Nagorno-Karabakh," he added, referring territorial disputes in regions of the former Soviet Union, which disintegrated in December 1991.

BRIEFLY

Czech Foreign Chief Wants Out

PRAGUE — Foreign Minister Josef Zieleniec, a fixture in the center-right government since it came to power in 1992, resigned Thursday, saying he was fed up with the turmoil in his Civic Democratic Party.

But minutes after Mr. Zieleniec made his announcement at a news conference, President Vaclav Havel issued a statement that he would not accept the resignation.

The development comes as the Czech Republic is in negotiations for its inclusion as a full member of the North Atlantic Treaty Organization and prepares for talks on becoming a member of the European Union, Mr. Havel's two key foreign-policy objectives. *(Reuters)*

German Jailed in Asian's Death

FRANKFURT AN DER ODER, Germany — A German man was convicted of manslaughter Thursday and sentenced to nine-and-a-half years imprisonment for the beating death of a Vietnamese cigarette vendor.

Olaf Stuerzel, 30, attacked Phan Van Toan in January at a commuter train station east of Berlin, smashing his head repeatedly to the pavement. The vendor died in the hospital. The state court said the motive was anti-foreigner hatred. *(AP)*

U.S. Tribe Wins Whaling Right

MONTE CARLO — The Makah tribe of Washington State won the right Thursday to resume whale hunting, after a 70-year break, in a compromise grudgingly adopted by the International Whaling Commission.

"This means we can go whaling," said David Sones, a Makah attending the commission meeting this week in Monaco.

Before the Makah, a tribe of about 2,000, can resume whaling, it can expect to face a gauntlet of lawsuits by groups opposed to the hunt. The groups said the wording of the proposal was vague. *(AP)*

EU Waters Down Chocolate

STRASBOURG — The European Parliament voted Thursday to allow chocolate-makers to include less cocoa butter and more vegetable fat in their products and still call it chocolate.

The directive would allow cocoa butter to be replaced by vegetable fats up to a limit of 5 percent of weight.

Under the text, products currently sold under the name chocolate in seven EU countries — Austria, Finland, Sweden, Portugal, Britain, Denmark and Ireland — will be able to be sold as such in the rest of the EU. Belgium and France had spearheaded a campaign for "real" chocolate to be made solely using cocoa butter. *(AFP)*

In Serbia, Gypsies Become the Latest Victims of Nationalism

By Chris Hedges
New York Times Service

BELGRADE — On a hill above the curves of the Danube, 3,000 mourners, many dressed in shabby overcoats and clutching limp bouquets of flowers, listened to a mother's plaintive wails of grief for her young son.

Cemeteries in the former Yugoslavia have witnessed heartbreaking scenes like these before. The wars that racked the region from 1991 to 1995 brought much unnatural and early death. But the burial Tuesday of Dusan Jovanovic, 14, who was beaten to death on Saturday night as he went to buy some juice, was a stark reminder to the 150,000 Gypsies in Serbia that the nationalist movements that set off the wars are still virulent enough to claim new victims.

"In the last seven years these nationalist movements have fueled all kinds of racial hatred," said Mihael Blam, as he stood in the crowd around the white wooden coffin. "As a Jew none of this is new to me. We just wonder when this will end."

The Gypsies have no affinity with the Croatian, Serbian and Muslim ethnic parties in power in the former war zone. Most of the Gypsies are poor, barely literate and work in menial jobs, hawking cigarettes and toilet paper on street corners or cleaning car windows at traffic lights.

In the last few months, with the rise of neo-Nazi street gangs in Serbia, there has been an increasing number of violent assaults on Gypsies. A pregnant woman was beaten to death 10 days ago as she walked with her young children on Skadarska Street in Belgrade. Gypsy leaders say they have reports of attacks every two or three days in the capital.

"The Serbs hate us because we are ugly," said Berisa Ljuan, 18, as he stood near the melting puddles of yellow wax from the spent candles lit along the sidewalk where the boy died. "We are dark. They hate us because we are not Serbs. My friends and I do not walk alone in the city now. We always go out in groups of four or five."

As Mr. Ljuan spoke a stocky woman in a red overcoat and clutching a large black pocketbook pushed through the crowd on the sidewalk and muttered, "Damn your Gypsy whore mothers."

Aleksandar Jovanovic, 38, the boy's father, sat on a small bench with several friends in the small landing near his apartment. He said that as a street sweeper who prowled the city at night he saw this coming.

"Most of the street sweepers in the city are Gypsies, and there are attacks against us now nearly every few days," he said. "The gangs grab us and light our hair on fire, beat us or strip us of our clothing and make us walk home naked.

"We file complaints to the police and they do nothing because we are only Gypsies. If the police had reacted my son would be alive."

Two 17-year-old boys who were reported to have been involved in the beating, which included smashing in Dusan's skull with a section of drain pipe, were arrested — a rarity in such cases — and have been charged with murder.

The beating took place in front of a small store where the boy had been sent by his mother to buy juice. Some mourners tried to put a sign on the window calling for people to boycott the store because those inside watched the attack and did nothing to help, but the sign was swiftly removed by passing Serbs.

The killing has pushed the normally complacent Gypsy organizations to protest and Tuesday, following the funeral, several thousand Gypsies marched in the city center to the federal Parliament. Many in the Gypsy community said they were growing tired of the open racism tolerated by the state.

"The discrimination begins as soon as our children enter school," said Dragan Stankovic, who heads the Gypsy community. "Gypsy kids are made to sit in the back rows or sent to special education classes. Many are tossed out of school. They are frequently ostracized and insulted by other children and teachers. Our young people cannot find jobs and our complaints to the police are ignored. We have always lived as second-class citizens, but we are not willing now to die because we are second-class citizens."

The two-room hovel where Dusan lived with his parents and sister was swarming Tuesday morning with distraught visitors. On the street corner outside the apartment, where the boy died, people lit candles and talked quietly. When it came time to carry the boy's coffin down the narrow stairs for the trip to the cemetery, the boy's mother, Milica Jovanovic, roused herself and broke free from the arms of her brother.

"Dusan! Dusan!" she called out. "This is your mother!"

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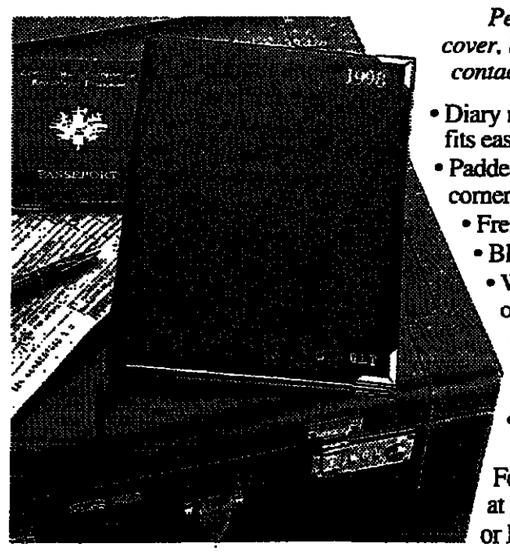

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THE INTERMARKET Starts on Page 4

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صفحات من الأرشيف

INTERNATIONAL

Security Forces Keep Watch As Algerians Go to the Polls

The Associated Press

ALGIERS — Security forces kept a discreet watch on polling stations while Algerians voted Thursday in local elections, the last of four votes aimed at squelching an Islamic revival that exploded into an insurgency.

It was the first vote for local and regional officials since 1991, when the Islamic Salvation Front swept into the political spotlight with a resounding victory in municipal elections, taking nearly half of all city halls and all major cities.

But the military-backed government canceled the second round of the elections in 1992, and the Front went on the offensive. The now-banned party called for a boycott of the voting for 15,000 local and regional assembly representatives. More than 84,000 candidates were running nationwide. Results were not expected before Friday.

While the security forces battle Islamic fundamentalist insurgents, President Liamine Zeroual, a retired general, has undertaken a vast restructuring of the nation's political institutions that, under a veneer of democracy, has enabled him to consolidate his power.

The pro-government National Democratic Rally won legislative elections in June, taking 157 of the 380 seats, although international observers noted numerous cases of fraud.

The campaign was lackluster, dominated by fears of a high abstention rate among the country's 16 million registered voters and assumptions that the scores would be skewed by fraud, as many claimed about the June elections.

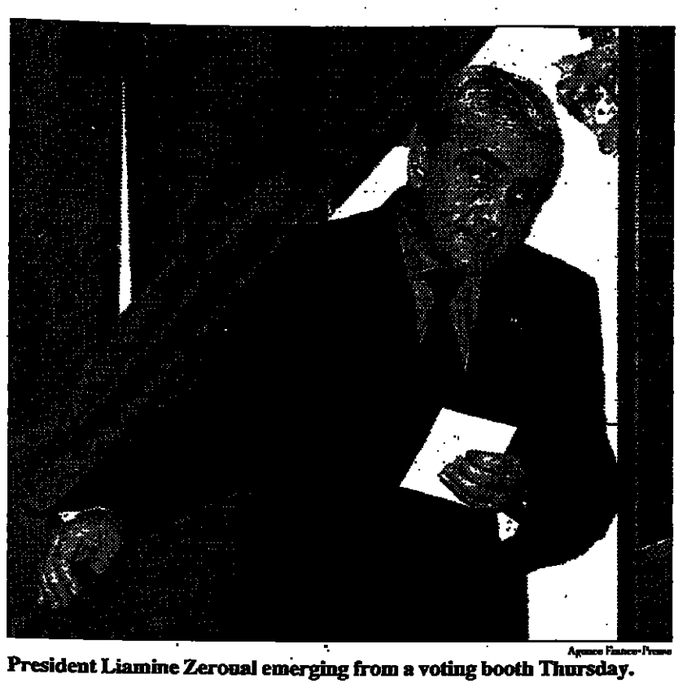
The Interior Ministry said turnout was 55.7 percent at 6 P.M. and voting was extended in some areas.

Soldiers in camouflage guarded the decrepit school house that served as a polling station in Eucalyptus, at the start of the so-called Triangle of Death just south of Algiers. The region has been the focal point of the insurgency that has killed at least 60,000 people in six years.

The violence wracking Algeria was a favorite theme of many of the candidates — 10 of whom were killed while campaigning — and the dominant reason cited by voters for going to the polls.

"I'm voting above all for safety, so that my children don't die with their throats slit," said a 36-year-old school teacher in Kouba, a suburb west of Algiers that once was a rallying point for the Islamic Salvation Front.

Nearly half the winners will replace appointees of the military-backed government that dismissed the Front's representatives in the crackdown on fundamentalists in 1992.



Agence France-Presse

President Liamine Zeroual emerging from a voting booth Thursday.

ASIA: *Plunge in Hong Kong Stocks Drags Down World Markets*

Continued from Page 1

strengthened against the U.S. dollar.

But Hong Kong is paying a high price to defend its currency. The steep increase in short-term rates is designed to keep investors' money in the bank and stop the selling pressure on the Hong Kong dollar. But economists said the territory is staring recession in the face if high rates continue for a prolonged period.

The other hazard facing Hong Kong is a plunge in real estate prices, because high interest rates make it far more expensive to finance a new apartment in what is already among the world's most expensive cities. Hongkong Bank, the territory's biggest, raised its prime lending rate by three quarters of a percentage point Thursday, to 9.5 percent.

"Higher short term rates are going to be here for six months," said Robin Hammond, head of research at Asia Equity. He predicted property prices could fall by as much as 25 percent. "This will have a serious impact on banks' margins and their willingness to lend," Mr. Hammond said.

Andy Xie, an economist with Morgan Stanley, said Hong Kong could slip into recession if interest rates remained high for a year.

The head of one local securities company, who asked not to be named, said at least five clients had been moving to sell real estate as the market has crashed this week, in an effort to raise money to meet margin calls on their stock holdings.

When investors buy stocks with borrowed funds, they make money by selling stock and paying the loan back with part of their profits. But when stocks drop, investors must raise extra cash. If markets plunge violently, investors often raise money by selling hard assets such as land.

The outlook for property "is worse and worse," said Alan Dalgleish, a property analyst at SocGen-Crosby Securities. "There seems to be no sign of bottom fishing. On the face of it there's plenty of value, but from the point of view of overseas institutional investors, there's not a lot of interest in property companies."

At the heart of this accelerated market plunge is the worry over the Hong Kong dollar. Stocks that may look cheap after falling so far may not seem like bargains to foreign investors if the Hong Kong dollar is at risk of falling 30 percent.

The pressure on the currency has come because of a string of devaluations across Asia from Hong Kong's major competitors, which have made the Hong Kong dollar — and property priced in Hong Kong dollars — look relatively expensive.

"I think the Hong Kong government will stick to their guns all the way," and defend the currency peg, predicted Ma Guonan, regional economist at Salomon Brothers.

Hong Kong's financial secretary, Donald Tsang, admitted that part of the territory's $88.1 billion in foreign-currency reserves had been spent to defend the dollar, but he would not say how much.

Sky-high interest rates are "clearly not sustainable in the longer term," Mr. Ma said. But the Hong Kong government faces a stark choice: Allow stock prices to fall while defending the currency, as it did Thursday, or let the Hong Kong dollar fall in value and risk even worse stock market falls in the future. This happened after devaluations this year in Thailand, Malaysia, Indonesia and the Philippines.

Another analyst with a Japanese brokerage agreed the government would not soon give in on the currency peg, and ruled out a new peg at a lower exchange rate. "If they attempt to meddle with the peg, there won't be any confidence in the new level," he said. "Either you have it or you let the currency float."

The biggest factor that has distinguished Hong Kong from other Asian markets with fixed currencies has been the willingness of local residents to keep their bank deposits in local currency. According to the Hong Kong Monetary Authority, more than 57.8 percent of total bank deposits in August were denominated in Hong Kong dollars.

There were no reports of retail switching into foreign currencies Thursday, but depositors may be unnerved Friday after Hongkong Bank halted the customary practice of releasing time deposits before maturity.

Hong Kong's chief executive, Tung Chee-hwa, has vowed repeatedly to defend the currency peg at its current level of 7.8 to the U.S. dollar.

He has also sought to play down the competitive effect on Hong Kong of falling currencies across Asia, citing the fact that far from being a manufacturing hub, Hong Kong now derives 83 percent of its gross domestic product from services.

Still, a slump in those services is hitting the territory in the wallet. The Hong Kong Tourist Association reported that tourist arrivals in August fell 24.4 percent compared with August 1996. The association blamed the weaker yen and other fallen Southeast Asian currencies for the decline.

What is more, Hong Kong is about to make its important shipping business more expensive, with or without a relatively strong currency: The territory is set to raise landing fees when it opens its new airport in the middle of 1998.

"Hong Kong is in danger of pricing itself out of the market," said one executive with a cargo company. With sea and airport capacity expanding in southern China, the gradual decline of Hong Kong as China's trade gateway could accelerate. The currency crisis "makes Hong Kong look like a bastion of high cost," the executive said.

According to Geoffrey Barker, head of Asian research at Schroder Securities, Hong Kong's main regional competitor as a headquarters for businesses and financial services, Singapore, can be expected to devalue its currency in the face of sharply lower stock prices there.

Regarding Hong Kong stocks, Mr. Barker said, "Our advice to Joe the Investor is to continue to sell and to remain very much on the sidelines, to underweight Hong Kong."

All classes of stock were hit Thursday, including the previously high-flying red chips, or shares of China-backed companies incorporated in Hong Kong. Among the hardest hit was China Telecom, which fell almost 10 percent in its first day of trading. Red chips have traded at lofty price-to-earnings ratios, based on the expectation that they will be able to buy assets at discounts from their mainland Chinese parent firms.

Now, investors appear to be discounting a lot of those promises, and red chips could easily fall further. The Hang Seng red chip index is still trading at a hefty 29.8 times earnings, and China has cut mainland interest rates this week to revive its slowing economy.

REGION: *A Southeast Asian Downturn Could Stir Ethnic Tension*

Continued from Page 1

vestors were "now going to demand much higher standards of transparency and of legal arrangements than they demanded in the past."

Analysts said that voters, led by the region's emerging professional and middle classes, were also likely to become less tolerant of any government mismanagement and graft.

"What also has to be established by Southeast Asian countries is good governance," said Jusuf Wanandi, chairman of the supervisory board of Indonesia's Center for Strategic and International Studies. "Because without this, the economic fundamentals cannot be strengthened and the government and its policies will not be credible."

He said that fast economic growth had helped reduce poverty in the region, but had also created new inequalities as some groups got left behind in the race to get rich.

"In absolute terms, the percentage of people below the poverty line has decreased dramatically to less than 20 percent," Mr. Jusuf said. "At the same time, the rapid growth of the last decade has created new discrepancies, because small enterprises and traditional traders and businessmen have been left behind."

As fractious leaders of Thailand's ruling six-party coalition met in Bangkok on Thursday amid mounting concern in battered currency and stock markets about a deadlock over cabinet changes and continuing government paralysis, a larger political question mark loomed over Southeast Asia.

Will growing political and social instability in Thailand spread to other parts of the region, just as Bangkok's move to let the Thai baht fall on July 2 led to a downward spiral in currencies and stocks elsewhere?

"In other countries, political issues surrounding imminent elections could result in growing numbers of demonstrations," said Robert Broadfoot, managing director of Political & Economic Risk Consultancy Ltd. in Hong Kong. "In still others, more long-standing grievances by disaffected groups like separatists and religious extremists could manifest themselves in more violent forms. No country is really risk-free."

He said that while it would be wrong to exaggerate the likelihood of a rise in social instability in Southeast Asia, the situation in almost all countries of the region was more sensitive than it had been in a long time.

Thailand is clearly more vulnerable than most because the financial crisis there seems likely to be deeper and more long-lasting. In the past few days, thousands of protesters in Bangkok, as well as Thai newspapers and opposition parties, have been demanding the resignation of Prime Minister Chaovalit Yongchaiyut for mishandling the economy.

Mr. Chaovalit is trying to revamp his cabinet ahead of general elections scheduled for May. The Philippines and Indonesia face presidential elections in 1998.

Independent Strategy, an investment research consultancy based in London, said in a report to clients that political risks were rising in Southeast Asia because the "immaturity" of most of the region's political institutions might make it impossible for governments to persuade the relatively poor segments of their populations to accept large cuts in living standards to match the currency devaluations.

If they failed, "scapegoats will be found and we can expect social and political problems," the consultancy said. "The most obvious scapegoats are the Japanese in Thailand and the Chinese communities in most other countries, particularly Malaysia and Indonesia."

Thailand has a large number of Japanese investors and businessmen, while ethnic Chinese minorities in nearly all Southeast Asia nations have been victimized in previous periods of unrest because they are perceived to have a disproportionately large share of economic influence and wealth.

Juwono Sudarsono, an Indonesian political scientist, said that any harsh austerity measures, including a possible rise in the prices of fuel and other oil products, would probably only be enforced in Indonesia after the presidential elections in March, in which President Suharto is likely to run for a seventh successive five-year term.

Mr. Juwono said that so far, the Indonesian currency crisis had mainly affected "people who are well off, so to that extent it's immediacy is not really felt in rural areas."

Mr. Broadfoot said that Indonesia and other Southeast Asian countries had faced setbacks in the past and learned how to deal with such problems in ways that diffused unrest before it escalated to nationally disruptive proportions.

End of Thai Crisis May Rest on Vote

The Associated Press

BANGKOK — A senior leader of Thailand's government suggested Thursday that elections may be the only way to break the political deadlock provoked by the economic collapse of financial markets.

Resorting to elections indicated that Prime Minister Chaovalit Yongchaiyut's government had run out of options after confidence in the economy has plunged during five days of failed attempts to reshuffle the cabinet.

Interior Minister Snoh Thienthong, who controls a crucial faction of Mr. Chaovalit's New Aspiration Party, said after a meeting of party leaders that heeding calls by supporters of Mr. Chaovalit to resign would "damage the country."

"The most important thing is that we have to find a way to return power to the people, to have them find new people to run the country," Mr. Snoh said.

Mr. Chaovalit is obliged to hold elections by next May under a new constitution aimed at stamping out corruption. Parliament still must approve the laws to hold elections under the new charter.

The independent television network ITV cited party leaders as saying that the laws could be submitted during a special parliamentary session by Nov. 4 and the House of Representatives dissolved three days later. Elections would be held within 60 days.

Trial Put on Hold As Papon Is Sent For Hospital Tests

Reuters

BORDEAUX, France — The trial of Maurice Papon for crimes against humanity in Nazi-occupied France was suspended until Monday after he was taken to a hospital with bronchitis, the judge said Thursday.

Judge Jean-Louis Castagnede said doctors told him that the 87-year-old former cabinet minister, who had triple heart bypass surgery last year, was undergoing tests in the intensive care unit and that his condition would not allow him to be in court "either today or tomorrow."

A defense lawyer, Francois Vuillemin, said of Mr. Papon: "He felt very weak when he got up this morning. He could not talk and was bent over. It was as if he had aged 20 years during the night."

Mr. Papon is accused of ordering the arrests of 1,560 Jews from the Bordeaux region during the German occupation of France in World War II, when he was a senior civil servant in the pro-Nazi Vichy regime. He denies the charges.

The trial was suspended for nearly an hour Wednesday when Mr. Papon said he felt ill, but it resumed after he was examined by doctors. He had been in a hospital overnight after a first bout of illness shortly after the trial began on Oct. 8.

Jean-Marc Varaut, another of his lawyers, said that emergency medical services gave Mr. Papon respiratory help Wednesday night and sought to have him taken to the hospital, but that he refused.

Before the trial, Mr. Papon's lawyers had questioned whether he was strong enough to survive the proceedings, but relatives of those deported to Nazi death camps during the war have accused him of pretending to be ill to win public sympathy.

The trial is expected to last until late December.

FRANCE: *Papon Trial Is Broadening Into Politics and Myth*

Continued from Page 1

ident, acknowledged for the first time France's responsibility for the crimes of the Vichy regime. But the Papon trial has taken matters much further.

Last week, a former Gaullist minister, Olivier Guichard, testified, "We have lived under two myths inspired by de Gaulle: that the Vichy regime never existed and that the French won the war of 1939-1945."

Even in a country in confessional mode, those few words, from a man long close to the general, amounted to a thunderbolt.

In place of the courageous defender of an eternal France, the savior of the republic's honor after the defeat by the Germans in 1940 and the architect of France's revival, Mr. Guichard posed a new idea: de Gaulle as mythmaker.

His aim was apparently to illustrate the realism of the general's striving to unify and revive France, but Gaullism has always been about grandeur — and the political effectiveness of unpunctured myth — rather than pragmatism.

Mr. Seguin's anger clearly reflected such a rewriting of de Gaulle's role. "De Gaulle is being accused of not having dismissed en masse all the high officials of Vichy," he wrote Tuesday. "De Gaulle therefore is being recast as an accomplice of Vichy."

He went on to attack the contemporary search for "truth" and argue that de Gaulle placed France in the camp of the victors, saved the country's honor, avoided an American occupation and gained a seat on the UN Security Council. "All this," Mr. Seguin said vehemently, "is a historical merit."

Similar arguments over contemporary judgments of the past surfaced in court, where the question arose repeatedly whether a jury made up largely of people born after the war could judge the acts of Mr. Papon, making decisions under the pressure of German occupation.

Mr. Seguin, in a television interview Sunday, insisted, "The republic never ceased to exist and France has nothing to be ashamed of during the period from 1940 to 1945." His statement was a direct contradiction of Mr. Chirac, who said on July 16, 1995, that "France committed the irreparable" by rounding up Jews for deportation in 1942.

It seems clear that Mr. Seguin, whose father was killed in 1944 during the Allied push to the Rhine, has not forgiven Mr. Chirac for placing the blame squarely on France, for if Vichy was all of France, what did his father die for and who were the people fighting with de Gaulle?

Others, including the interior minister, Jean-Paul Chevenement, a Socialist, have also criticized the president recently for his statement — a distinct shift that appears to indicate the way the Papon trial is putting political nerves on edge.

"The president of the republic can be wrong," Mr. Chevenement said Sunday. "One cannot accept the idea that Vichy was France."

Apart from differences over history, Mr. Seguin's outburst also shows that the trial has compounded the problems of the Gaullist movement, the center-right political force that has long held a central place in postwar politics.

Gaullism was already in trouble before the trial began. Its patriotic thunder had been stolen by the rightist National Front and its authority undermined by the errors of a Gaullist president, Mr. Chirac, whose decision to call early parliamentary elections in June led to a surprise Socialist victory.

But the trial has deepened these difficulties. The National Front, which took 15 percent of the vote in June, almost the same as the Gaullists, has appealed to a conservative France by roundly criticizing the belated trial of Mr. Papon.

On Sunday, Jean-Marie Le Pen, the leader of the National Front, poured scorn equally on the trial — describing it as "judicial coercion to impose a new historical truth" — and on a Gaullist party that he sees as destined for extinction.

The National's Front's political gamble is that it can become the leading opposition party by focusing on the disarray of a Gaullist movement whose founder is now being questioned, whose political message is unclear and whose defeat has still not been entirely absorbed.

Officials said that relations between the Gaullist movement and the president remain extremely tense because of the embarrassment of the June defeat, a humiliation widely ascribed to the political ineptitude of Mr. Chirac. Thus Mr. Seguin's thinly veiled criticisms of the president form part of a pattern of discord.

These internal divisions have only made the Gaullists more vulnerable, particularly to the National Front, as the Papon trial unfolds.

Grass Calls His Critics In Bonn 'Very Stupid' Over German Racism

Reuters

BONN — Guenther Grass, the novelist, hit back Thursday at government critics who have denounced him for calling Germans closet racists.

"One would prefer to have more worthy opponents," Mr. Grass said of senior officials in Chancellor Helmut Kohl's Christian Democratic Union. "They sound smart but they are being very stupid."

Mr. Grass was criticized for a speech at the Frankfurt Book Fair on Sunday in which he assailed Germany for keeping 4,000 refugees from Turkey, Algeria and Nigeria in deportation camps in order to satisfy what he termed Germans' "closet racism."

The party secretary-general, Peter Hintze, accused the author of "The Tin Drum" of insulting the nation. He said the 70-year-old novelist had "plumbed an all-time intellectual trough."

Mr. Grass said he had wanted to alert Germans to the plight of asylum-seekers. He told the Luebecker Nachrichten newspaper that he hoped the speech would help change something in the "deplorable and inhumane way" that foreigners are deported.

Greek Ship Rammed Vessel, Turkey Says

Agence France-Presse

ANKARA — Turkey's top military commander said Thursday that a Greek warship tried to ram a Turkish submarine Wednesday night but instead hit another Turkish boat in the Aegean Sea, and he accused Greece of "committing a serious aggression."

Greece denied the accusation, accusing a Turkish patrol boat of hitting a Greek minesweeper.

"It's the first time that such an aggression took place," General Ismail Hakki Karadayi, chief of the Turkish General Staff, said in Ankara.

"A Greek patrol boat tried to ram our submarine while the submarine was ascending to the surface during our planned exercises in the Aegean," he said.

"One of our patrol boats came in between the two and the Greek vessel hit it, causing minor damage."

Turkish military sources said the incident took place in international waters off Turkey's Izmir Bay and between the Greek islands of Lesbos and Chios.

General Karadayi said Turkey had informed all parties concerned that it would hold the submarine training exercises in the area.

"We are trying to avoid confrontations in the Aegean Sea," he said. "But sometimes there is some harassment."

The private television station NTV said a senior Greek diplomat in Ankara was summoned to the Foreign Ministry and handed a strong protest note regarding the incident.

NTV said Turkey would file a complaint to its North Atlantic Treaty Organization allies over what Ankara sees as Greek aggression.

WALL ST.: *Holds Firm After Shuddering*

Continued from Page 1

consortium building a cellular telecommunications system in China.

He said that the recent plunge in Hong Kong stock prices reflected the fact that investors from other Southeast Asian countries were cashing out their investments to cover their domestic debts. This put pressure on the Hong Kong dollar, forcing an increase in interest rates, which persuaded local traders to sell some of their stocks.

With China committed to maintaining the peg of the Hong Kong dollar to its U.S. counterpart and having the currency reserves to do it, Mr. McNamar said he did not think there was the threat of a systemic market failure.

Rudy Schlais, president of General Motors Corp.'s China unit, said the huge Chinese economy was impervious to the market upsets elsewhere in Asia. "In contrast to the other parts of Asia, China is really kind of the bright spot right now," he said during a visit to New York.

"They have really, since the end of 1993, done a diligent effort in controlling inflation," he continued. With its economy nonetheless expanding at about 9 percent a year and a stable, though not freely traded, yuan, the country has encouraged investment. Although it uses vastly different methods, China's economy is similar to that of America's, he said, with growing productivity making for a healthy investment climate.

A sign that the panicky reactions to the Hong Kong problems were overdone came from Thomas Herzfeld, the closed-end mutual fund specialist in Miami.

While European stock markets were falling about 4 percent and Asian exchanges other than Hong Kong recording 6 percent drops during the trading day, Mr. Herzfeld said closed-end country funds had dropped by 10 to 12 percent in such diverse markets as China, Germany, Vietnam, Russia and India.

With such large discrepancies in the prices of the funds and the markets they mirror, it is relatively simple to make money by selling short the stock indexes and buying the much less expensive closed-end funds.

One positive development for financial markets around the world was the receding likelihood that the Federal Reserve Board will push interest rates higher.

The central bank has given conflicting signals on its U.S. inflation outlook, but with markets all over the world under pressure, an interest-rate rise would be destabilizing.

The rush into Treasury bonds reduced U.S. interest rates across the board, with the 30-year Treasury yield falling to 6.33 percent from 6.43 percent on Wednesday.

SMOKE: *Battery-Powered Electronic Holder Lights Up for a Puff*

Continued from Page 1

ceptable. Richard A. Daynard, chairman of an anti-tobacco group, the Tobacco Products Liability Project at the Northeastern University School of Law in Boston, dismissed it as "clearly another nicotine-delivery device."

He added: "Who would use an expensive and cumbersome thing like this if they weren't hooked?

"There is something grim and desperate about it. This is hardly the Marlboro Man, getting on his horse and checking the battery."

He added that children might be able to use the device to conceal smoking from parents. (Philip Morris said a microchip in the device was equipped with the equivalent of the television V-chip — a locking device for use by parents.)

But the new product, tentatively called the Accord, could find a big market among the "many smokers who voluntarily restrict their smoking at home or in a car or because their spouse doesn't like it," said John R. Nelson, senior vice president of business development for Philip Morris USA, the company's U.S. subsidiary. "We think our product would appeal to them."

Over the next month, the Accord will be made available to smokers in controlled tests in the United States and Japan. It will not be commercially available in test markets for at least a year.

The device was designed to eliminate the between-puffs burning of cigarettes that accounts for 90 percent of second-hand smoke.

But smokers still would inhale at least the same 3 milligrams of tar and 0.2 milligram of nicotine that is in conventional so-called ultralight cigarettes.

Users also still would exhale smoke. Philip Morris, the world's No. 1 cigarette maker, said the product was not meant to evade smoking laws.

Accord cigarettes are 62 millimeters long, compared with 85 millimeters for a conventional cigarette, and are expected to cost the same as premium cigarettes — $2.50 to $2.75 a pack in the United States.

Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Keep Kosovo Peaceful

Events in Kosovo are proving the adage that those who make peaceful revolutions impossible make violent ones inevitable.

Kosovo is a region of Serbia where a tiny Serbian minority has governed the Albanian majority in brutal apartheid style since Slobodan Milosevic revoked the region's autonomy in 1989. Recently some Albanians, frustrated that politics is getting them nowhere, have turned to attacks on police stations and other symbols of Serbian power.

Serbian authorities respond with indiscriminate repression. To keep the peace in Kosovo, the United States and its European allies must do more to help restore the rights of the Albanians there. A peaceful Kosovo is crucial because violence could spread to neighboring areas.

Belgrade politics is one reason for the new violence. The extremist Vojislav Seselj, a Milosevic creation who would now be president of Serbia if low turnout had not annulled recent elections, said that a few divisions of Serbian fighters would take care of Kosovo, which Serbs hold as the cradle of their history. His nationalism has pushed even moderate Serbian politicians into inflammatory statements.

The leader of Kosovo's Albanians, Ibrahim Rugova, has called for Kosovo's independence but has been a tame, ineffective opponent of Mr. Milosevic. Mr. Rugova's moderation pleases Washington, which favors only restoration of Kosovo's autonomy inside what is left of Yugoslavia. But his inability to improve life in Kosovo has inadvertently encouraged Albanians to try violence.

Washington, which has promised to keep economic sanctions on Serbia until Kosovo's rights are restored, has done the most to help, but it is no longer enough. A year ago Mr. Milosevic agreed to education reforms that would allow teaching in Albanian. Nothing has happened.

Washington must increase its pressure on Belgrade to carry out this and other reforms, especially ending arbitrary jailings and beatings. There is virtually no foreign presence in Kosovo. Monitors are needed, and an American special envoy to Kosovo.

There is some hope. In a rare instance of dialogue, Kosovo and Belgrade students met for the first time last week. Politicians have also held talks, but Mr. Milosevic's party boycotted them. Kosovo's misery will end only when real democracy, free of Mr. Milosevic's control, comes to Serbia.

—THE NEW YORK TIMES.

Investment Can Be Too Much of a Good Thing

By John H. Makin

WASHINGTON — U.S. and European financial markets are struggling to form a picture of how and when the very favorable economic conditions in America might end. The end might come not from the emergence of inflation, and the Fed's reaction to that, but from growth of investment faster than demand can increase.

Southeast Asia and probably China are demonstrating that it is possible to save too much and invest too much.

In America in the 1990s, a deregulated and vibrant economy has generated more investment opportunities than American savers choose to finance. The resulting capital inflow has contributed to an investment-led recovery that so far has produced remarkably high growth rates without inflation.

In this sense, America in the 1990s is behaving like a developing country with a surfeit of investment opportunities that results in a capital inflow mirrored by a current account deficit.

Large parts of the industrial and developing world are, late in the 1990s, encountering something that markets and policymakers had not seen for more than 60 years: the paradox of thrift.

If some savers seek a high return by forgoing current consumption and selecting good investment projects, they are duly rewarded. If, however, everyone tries to increase savings at once, gradually over time the quality of available investment opportunities begins to fall. After an exhilirating investment-led recovery, overinvestment results.

Overinvestment appears when projects are undertaken that generate returns insufficient to compensate savers for forgoing current consumption.

When investment projects begin to disappoint, it is too late to remedy the paradox of thrift, because the capital stock purchased by those investment projects is already in place. The projects must be either shut down or used to produce goods in hopes they may be sold for some positive price.

If too many disappointed investors try to sell goods at any price, deflation ultimately results, and unemployment rises as companies that have redundant capital seek to minimize costs.

The paradox of thrift and the resulting symptoms of overinvestment are becoming more and more evident in Southeast Asia and are re-emerging in Japan and China as well.

The century's two investment-led recoveries, in the United States in the late 1920s and in Japan in the late 1980s, ended with equity market collapses. The collapses resulted from overinvestment resulting from the paradox of thrift described above.

Rapidly increasing excess capacity in Asia, by channeling more investment funds to the United States while reducing the global demand for output, could exacerbate the overinvestment tendency in the U.S. economy and in turn lead to more exuberance in financial markets. That exuberance would ultimately be unjustified.

The underlying deflationary tendency in Asia, with its already extant stock of excess capital, increases the risk that we may be approaching a time when U.S. excess capacity results in earnings disappointments that cause a sharp drop in the stock market.

The inflation data so far do not help support Alan Greenspan's stated fears about a traditional reflationary end to a demand-led recovery. That is probably because this is a supply-led recovery underscored by strong investment behavior, with price pressures tempered by deflationary impulses in Asia and tightening monetary policies in Europe.

With too much capital already in place in Asia, and Europe relying on a tepid export-led recovery to sustain itself on an essentially deflationary path toward monetary union, the danger is that the rapid capital formation still under way in the United States will become unsustainable.

In an environment where the U.S. recovery does not generate inflationary pressure, the market mechanism that will adjust to shift weakening global demand toward Europe's expensive productive capacity and Asia's excessive productive capacity will be a sharp appreciation of the U.S. dollar.

This is another way of saying that the deflationary pressure in Asia and the disinflationary pressure in Europe will be exported to the United States in the form of a stronger U.S. currency.

Mr. Greenspan and Treasury Secretary Robert Rubin should have a serious discussion about the policy implications of America's investment-led recovery in a world of global excess capacity. Surely it is time for some dollar appreciation to relieve some of the excess capacity and to slow some of the investment growth that eventually will become excessive in America.

If a stronger dollar causes U.S. bonds to outperform U.S equities for a time, surely that is what Chairman Greenspan would like to see. Far better to have U.S. bonds outperform U.S. equities due to a rise in bond prices and stable equity prices, instead of a collapse in equity prices that will eventually occur if the U.S. investment juggernaut causes the United States to join the world's growing excess capacity club.

The writer is a fellow at the American Enterprise Institute. This comment has been adapted by the International Herald Tribune from a longer paper to be published by the institute.

A Rotten Scene

The giving of campaign contributions in return for government favors used to be a fairly simple, not to say straightforward, business in America. The investor and the candidate in whose possible victory the investment was being made generally could handle the transaction on their own. But this is increasingly a service economy in which people pay others to do for them, or to help them do, what they used to do for themselves.

In that connection, meet Peter Knight, longtime associate of and prodigious fund-raiser for Vice President Al Gore.

Mr. Knight raises campaign funds, most recently for the Clinton-Gore ticket in 1992 and again last year, thereby ingratiating himself and increasing his already considerable influence with people about to be in power. He then hires himself out to those whom he has just dunned. Who better than he, who sought, received and delivered their contribution, to help them try to cash in on it? In the interim, he has used his influence to help place in lesser positions within the administration persons to whom he also can turn.

Mr. Gore has received his campaign money. The donor, if all goes well, receives a government contract. Mr. Knight receives a handsome fee. It's a three-fer, everyone a winner. Who could possibly be unhappy with that?

A recent story in The Washington Post recounted an example, involving Molten Metal Technology Inc., a Massachusetts firm that disposes of hazardous waste. It contributed early and more than once to the Clinton-Gore reelection effort. "Your participation in this program will give you a special place of significance with the vice president and put you first in line," Mr. Knight wrote its executives in response to an early pledge on their part to raise $50,000. Mr. Knight, who would later become the manager of the Clinton-Gore campaign, was then on retainer to the company for $7,000 a month plus a stock option.

A company executive has since acknowledged to Senate investigators that "one of the things" Mr. Knight was hired for was "influencing government decisions." "The simple answer to that is 'yes,'" the executive said.

Mr. Gore paid a well-publicized visit to the company's headquarters in 1995. A research contract that the company had with the Energy Department was meanwhile being increased steadily, from $1.2 million in 1994 to $33 million by 1996, more than half the money given out in that particular research program. The increase was shepherded in part by an assistant energy secretary, Thomas Grumbly, who had been a Gore aide when the vice president was in Congress and whom Mr. Knight, as a member of the Clinton-Gore transition team in 1992-93, had helped to get his job.

Mr. Grumbly said he had just been doing his job and had had no knowledge of the Molten Metal campaign contributions. Mr. Knight said he could not remember having raised some of the Molten Metal money that records indicate he did raise, but was proud of his fund-raising efforts generally. "Any suggestion" that he had "helped arrange a government contract or grant in exchange for any type of contribution is patently false," he added through his lawyer.

So it wasn't an "exchange." It was just a sequence of events in which the players, all of them, happened to end up with what they wanted. Fancy that. What good fortune. What a coincidence! The current method of campaign finance is rotten, not so much because the structure allows such rottenness — which it does — as because so many take unashamed advantage of it.

—THE WASHINGTON POST.

Strong Oil Pressures Are Building Against Sanctions on Iran

By Thomas L. Friedman

KUWAIT — Just north of here, Iraqi refineries near Basra are producing tons of gas oil used to fire power plants. Almost every day, small pirate vessels hugging the Iranian coast shoot up into the Shatt-al-Arab waterway near Basra and load up on this Iraqi gas oil, which the Iraqis sell the pirates at bargain prices.

These small vessels — always staying just inside the shallow Iraqi or Iranian waters, where U.S. Navy ships maintaining the United Nations blockade on Iraq can't get at them — then sail back down the Gulf.

Along the way the pirate captains, carrying wads of cash, pay off various Iranian admirals and Revolutionary Guard naval units to gain free passage through Iranian coastal waters.

When the pirate boats reach the southern end of the Gulf, they wait for when the U.S. Navy isn't around and then shoot across from Iranian waters into the United Arab Emirates or out into the Indian Ocean. In either place, they load their gas oil onto tankers that take it to market. Iraq makes money, Iran makes money, the pirates make money.

Ain't capitalism wonderful?

This pirate trade is only one small way in which the geo-economics of oil is working against the U.S. sanctions on Iran and the UN blockade on Iraq.

There are today five great lakes of oil in this part of the world — Saudi Arabia, Kuwait, Iraq, Iran and the Caspian Sea in Central Asia. The way international oil companies make their big money is by entering into production-sharing agreements with oil states.

That is, the oil company assumes the risk of exploring and developing a country's oil fields, and then shares in its production until the field is dry. This way the oil company has a steady flow of crude for years to pump, refine, ship and market, profiting at each stage.

But such deals are rare these days. Kuwait and Saudi Arabia booted the companies out in the 1970s in order to develop their own oil. They use foreign oil companies purely as technical advisers. Russia, Azerbaijan and Turkmenistan, along the Caspian Sea, have been ready to sign production-sharing agreements to get that oil out, but because they are fighting over who will get what share and where the pipelines will run, the Caspian remains locked shut.

That leaves Iran and Iraq. Both these countries understand what the oil companies want, and they are ready to give it to them. The deal just signed between Iran and the French, Russian and Malaysian oil companies is a production-sharing agreement for them to search for gas in Iran's huge South Pars offshore gas field.

You can see the allure. The oil companies get the kind of deal they have not seen in the Middle East since the 1970s. Iran, whose oil fields are run-down, gets technical help from the oil companies and a thumb in the eye to U.S. sanctions.

For now, Iran is limiting these production-sharing deals to offshore fields. But if it were to offer onshore deals, and it is only a matter of time, every oil company in the world would be salivating.

Not to be outdone, Saddam Hussein has signed production-sharing agreements with French, Russian and Italian oil companies that give them the right to develop certain Iraqi fields the minute UN sanctions on Iraq are lifted — thus turning the oil companies into an international lobby on his behalf.

"The Iraqis are offering us incredible splits — 60, 70 percent for the oil companies," one executive told me. That explains why France and Russia are resisting U.S. efforts to tighten UN sanctions on Saddam.

You need to spend only a few days in Kuwait — hearing from some of the 600 Kuwaiti families who had loved ones abducted by Iraq during the invasion and never accounted for by Baghdad, or visiting the newly rebuilt Kuwaiti oil fields that Iraq gratuitously set ablaze, creating a mammoth ecological disaster — to be reminded why Saddam is such a menace and why the sanctions on Iraq need to be maintained.

Unfortunately, the geo-economics is pulling the other way.

Powerful, oil-driven forces are building against the U.S. sanctions on Iran. And Saddam is clearly hoping that if and when the Iran sanctions collapse, those on Iraq will fall next.

The New York Times.

How Europe Could Help Out in the Near East

By Otto von Lambsdorff

THE HAGUE — Many of us in Europe have good reason these days to ask ourselves what it is we are really trying to do in the Near East.

Is Europe to be just "the Wailing Wall of the Arabs," in the words of a senior official of Israel's Foreign Ministry speaking last month to a Trilateral Commission fact-finding mission in the region? (That same official didn't mind joking that hostility toward Israel was the "only theme to have succeeded in uniting the European countries.")

Or should we simply be content "to be invited for a sweet dessert and pay a steep bill," as the European Union's special envoy to the Middle East peace process, Miguel Angel Moratinos, put it recently to the European Parliament's Foreign Affairs Committee?

Our contribution to the "bill" of a peace table from which we often feel excluded has been more than a billion Ecus ($ 1.1 billion), or no less than 53 percent of international aid to the West Bank and Gaza from 1994 to 1996 — as against, say, 9 percent in the case of the United States.

Clearly the principal paymaster cannot long remain absent from the negotiating table.

For its participation to be meaningful in this most delicate of areas, Europe must stand unequivocally by a couple of basic principles. One is security. Security can never be a mere corollary or distant "dividend" of current peace efforts. It is simply inseparable from peace every step of the way.

It comes out clearly throughout the region that the peace process is the only constructive game in town, and as such must go on. Security is perhaps the only truly convincing argument of an Israeli administration that has otherwise unilaterally endangered the process time and again.

To ignore or underestimate the legitimacy of this concern for security can only undermine Europe's credibility with one of the main parties. Hence the need for Europe to impress upon Palestinian and other Arab authorities the importance of a stronger, more energetically pursued commitment to security, if we are ever to play our role as honest broker.

It is such a role that Ambassador Moratinos, on behalf of the European Union, has pioneered in recent months, especially by his promotion of a "code of conduct" for the region, to the almost unanimous praise of the parties concerned.

Apart from providing steady assistance to both sides in the conflict, another key premise for any valuable European initiative is probably to refrain from interfering when we have neither the clout nor a common position among our countries.

Acting alone, as my country unfortunately did not so long ago, almost always ends in a failure for Europe and a further muddling of the process.

Now, interestingly, nowhere is the need for a common European stance more powerfully advocated than in the Near East. Figures as disparate as former Israeli Prime Minister Shimon Peres, Jordan's Crown Prince Hassan or the Palestinian National Authority minister Feisal Husseini use practically the same words in exhorting the nations of the European Union to act as one in helping to turn a Palestinian state-in-the-making into the bridge to broader cooperation throughout the area.

The challenge is to mobilize Europe's unique federating experience to help bring in the Middle East at large the multilateral future on which the prosperity and well-being of its peoples depend in the next millennium. Honest broker, experienced multilateralist — this is, if we put our mouth where our money is, our chance to make a difference.

The spirit of multilateralism is not in vogue in America today. Reaffirming it, if we Europeans know how to, will strengthen our dearly earned hand, and might help our American partners in their irreplaceable role in achieving peace and security in so cardinal a region.

The writer, a member of the Bundestag and a former German economics minister, is chairman of the European branch of the Trilateral Commission, which this weekend in The Hague holds its annual European meeting, with the participation of senior officials from the Near East. He contributed this comment to the International Herald Tribune.

Even in Arcadia

Perhaps the subtlest art exhibition in New York City at the moment is the single painting by Nicholas Poussin hanging, on loan from the Louvre, in the Frick Collection.

The painting, completed around 1638, is called "The Arcadian Shepherds." It depicts three shepherds and a shepherdess contemplating a tomb built of stone blocks and bearing the Latin phrase "Et in Arcadia ego." The words translate to "Even in Arcadia am I," and they are the words of death himself, present even in that mythic, pastoral golden age when the most pressing concern of men and women was the welfare of their sheep.

"The Arcadian Shepherds" is a muted painting, and it hangs among the Frick's long-familiar works without attracting notice to itself.

A psinting by Turner — "Cologne: The Arrival of a Packet-Boat: Evening" — hangs next to it, which means that Poussin's shepherds are upstaged by Turner's incandescence.

A shepherd kneels beside the tomb, and it has always seemed as though he must be tracing the Latin inscription with his outstretched finger.

Perhaps it is also the masonry that puzzles the shepherd, the presence of this carefully crafted edifice in the midst of an uncultivated landscape.

The Frick is a quiet retreat, and nearly everyone who stops at Poussin's painting is enveloped by its stillness — the stillness of the stone announcing death's presence.

The sounds of Manhattan are barely audible, only a memory of the din that echoes through this island.

It was always the city that gave meaning to the myth of Arcadia (a fantasy of simple pleasure and quiet) even when the city was ancient Rome. But there are days, too, when it takes Arcadia — a place without the rumble of traffic, without brick or steel, even if it exists only in a painting — to put the city back in its place.

—THE NEW YORK TIMES.

Watch America Shift Leftward

By Bob Herbert

NEW YORK — It's not more than a stirring at the moment, like a soft breeze that heralds a change of seasons, but it's happening. The conservative hold on the American electorate is loosening.

The so-called conservative revolution has more or less exhausted itself. It has left its mark, but it has also left a majority of Americans to face the 21st century with the unsettling sense that they are on their own when it comes to such potentially overwhelming matters as earning a living, raising a family, sending children through college, caring for aging parents, securing adequate health care and providing for their own retirement in an increasingly insensitive and unforgiving global economy.

The conservative philosophy tells these working people to forget about turning to their government for help; there is nothing to be done. We are in an era in which giant corporations rule the economic world according to the merciless dictates of a free market. The best the government can do is get out of the way.

This cynical, self-serving and ultimately inhumane approach is increasingly being seen as unsatisfactory.

The conservative revolution has not raised the standard of living of most Americans, has threatened such cherished and hard-won supports as Social Security and Medicare, and has not come up with a game plan for addressing the economic and cultural challenges ahead.

Ever so subtly, ever so warily, the American gaze is drifting to the left. Let's not get crazy. We are not talking about a paradigm shift. And God forbid we should use the term "liberal." That's out. But "progressive" is O.K.

There was a great deal of sympathy for the workers striking against United Parcel Service, and overwhelming public support for an increase in the minimum wage. Last fall we saw Republican congressional candidates sprinting away from Newt Gingrich and the harshest elements of the conservative ideology.

And in the past two presidential elections we have seen the so-called Reagan Democrats, as worried as anyone about the economic uncertainties, returning to the fold to vote for Bill Clinton.

A recently published book, "The New Majority: Toward a Popular Progressive Politics," argues that an opportunity exists for the Democratic Party to regain the support of a solid majority of the electorate by re-establishing its traditional identification with the struggles and aspirations of working people — the middle class, the working class and the working poor.

The book was edited by Stanley B. Greenberg, a pollster and former adviser to President Clinton, and Theda Skocpol, a professor of government at Harvard. It is a compilation of essays by progressive (get used to that word) thinkers, including the historian Alan Brinkley, the president of the Economic Policy Institute, Jeff Faux, and the sociologist William Julius Wilson.

The book points out that while we have been in an economic recovery for several years now, the gains are not being properly shared. Most working Americans, despite a booming economy and a recent modest uptick in wages, are either treading water economically or slowly sinking.

A recent poll showed 60 percent of whites, 58 percent of blacks and 55 percent of Latinos saying that, compared to 10 years ago, they are "now farther away from attaining the American dream."

Very few of those respondents see their interests being well served by the Republican Party, the conservative ideology or the corporate juggernaut. The question is whether the Democratic Party can get its act together and seize the opportunity to fashion this new majority.

It can do so only by addressing in a compelling way the real-world concerns of working families.

Right now, both parties are stumbling around Washington in a dance of incoherence. The Republican leadership is feuding and the top Democrats are ducking subpoenas and hiding from special prosecutors. If there are any good ideas around, they are being carefully concealed.

Which is a shame. Because there is a new majority that is just waiting for responsible, progressive leadership.

The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: Help for Feet

PARIS — It is no rare occurrence to find persons troubled with exaggerated skin secretions, more particularly localized in the feet. Some success has attended trials with an aqueous saturated solution of picric acid, but tartaric acid is the remedy which has now been found to yield the best results. Each day, a pinch of this substance is placed in the footgear and between the toes. In order to prevent a relapse it is indispensable to disinfect the footgear. It is, of course, selfunderstood that at least two pairs of boots are available. By this method the sweaty secretion may very soon be done away with.

1922: Women's Code?

LONDON — Ambassador Harvey assumed his best light-essayist vein to-night [Oct. 23] when he told the Author's Club that the world needs a new ten commandments — for women. Speaking on the theme "Have Women Souls?" the Ambassador maintained that the decalogue was "written exclusively for men, women not being bound by it." The tenth commandment, he declared, forbade men to covet their neighbors' wives, but did not forbid women to covet their neighbors' husbands. He denounced such a theory as grossly unfair.

1947: Europe's Plight

WASHINGTON — President Truman today [Oct. 23] called Congress back into session November 17 to consider the rising price situation and the European economic plight. He told a news conference that in western Europe "certain countries are unable to purchase the food and fuel which are essential if their people are to survive the coming winter."

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A Swell Dame Doing a Good Job: Reno Isn't Bullied by Either Side

By Richard Cohen

WASHINGTON — I like the slang of the old movies. I like it when gangsters are called gunsels, when cops are called dicks or flatfoots and big guys are called mugs. It is in that vein, as I'm sure you will understand, that I offer Attorney General Janet Reno my ultimate accolade: She's a swell dame.

That she's a dame is, of course, why she has her job in the first place. It was the policy of the Clinton administration to seek diversity, if not excellence, in the cabinet and so it turned, when it came to the Justice Department, to a woman.

First mentioned was Appeals Court Judge Patricia Wald, who reportedly declined. Then came Zoe Baird who, it turned out, had once hired an illegal alien as a nanny. Because this is a very serious crime or infraction or whatever, she had to withdraw her name from consideration.

Next up was Kimba Wood, a New York federal judge. She too had children and a career and she too ran afoul of the various laws regarding nannies. Judge Wood remains a federal judge, so the infraction could not have been all that serious.

What is serious is that none of us recognized at the time that this was the beginning of a pattern — a Washington obsession with trivia, arcana and infractions so petty that we are now down to such matters as whether Al Gore should get the electric chair for using the wrong White House phone to call a fat cat. When, as happens in the movies I so love, the governor tries to call with a commutation, he will have to leave the statehouse and wait in line at a 7-Eleven, by which time poor Gore will be toast.

By now, though, we ought to recognize yet another pattern: Bill Clinton seemed determined to appoint an AG who was not a political churn.

This was downright weird behavior for a man certified by the Wall Street Journal and other publications as a career criminal, sex deviant and serial nosher, but the fact remains that after some other names were floated, the president chose Ms. Reno, someone he did not know at all. (Apparently, Hillary Rodham Clinton had met her once.) Mr. Clinton, for some reason, was acting like an honest man.

Contrast Mr. Clinton's choice of an AG with those of previous presidents. John F. Kennedy, who had some secrets, chose his brother Robert, who also had some secrets. Richard Nixon chose his pal and law partner John Mitchell, a bond lawyer before Watergate, a jailbird after. In fact, presidents usually choose people they know, since the attorney general, as the nation's top law enforcement official, is someone you want to keep pretty close.

Ms. Reno not only does not fit that bill, she has conducted herself in a manner that has, on occasion, displeased both the White House and its Republican opposition. When she saw fit, she four times asked for the appointment of independent counsels (for Whitewater, and for cabinet members Ron Brown, Mike Espy and Henry Cisneros), but she has not done so when it comes to either Mr. Clinton or Mr. Gore on campaign financing.

This record of impartiality, of impeccably conducting herself in as nonpartisan a manner as possible, has not, however, spared her from the repeated charge that she is in Mr. Clinton's pocket. Not only is there no evidence for this, but — on the contrary — there were rumors aplenty that the president would have preferred her to leave the cabinet for his second term. Not for the last time, she couldn't take a hint.

How Ms. Reno got this way is anyone's guess. It could be because her mother used to wrestle alligators and her father was a journalist — both weird in their own ways. Or, more likely, it was her 15 years as Dade County prosecutor that prepared her for almost anything. After Miami's vices, Washington can seem tame.

Whatever the reason, Ms. Reno has refused to be bullied by Republicans (and the press) into appointing an independent counsel when, as almost anyone can tell, none is needed. On the other hand, she has also refused to end her investigation of what was, indisputably, a smarmy Clinton fund-raising operation. She plods on, angering partisans in both camps and, I would guess, slowly endearing herself to the American people. I give her my highest accolade: a swell dame and, in the handling of the campaign funding investigation, a conscientious attorney general.

The Washington Post.

With Fashion Like This, Why Get Dressed?

By Flora Lewis

PARIS — The season's fashion shows, which have just ended in Paris, make a peculiar point about the evolution of Western society and what the preachers are pleased to call its values.

It would seem that the traditional themes of style and commerce have been jettisoned. The emphasis is all on show. It's not the information age, what's new, what's useful, what you need to know. It's the entertainment age, or at a minimum the "infotainment" age, and the beautiful, usually sulky young women on display are celebrities, not mannequins.

In a time when feminism has been so widely accepted in modern countries, they seem as far outside normal life where people get dressed every day as those Afghan women huddled under their monstrous *burkas* peering out at the world through barely transparent gauze.

On the runways, practically everything is transparent now, leaving little for the old burlesque art of striptease. The models carefully place each foot ahead to the outside of the other knee, making sure their hips roll as wildly as a ship in a storm, and also to maintain balance on their dangerous spike heels.

Is there really that much difference in using nearly nude women ostensibly to sell clothes and making them invisible shrouded lumps ostensibly to prevent concupiscence? In both cases they are objects, hardly people.

The director Robert Altman set out to satirize the high fashion industry a couple of years ago in his film "Prêt-à-Porter." There were some funny scenes, kooky characters and what was intended as the supreme irony, the climactic presentation of the models parading earnestly stark naked. Somehow it didn't work. It was neither pornography nor comic shock.

The real irony is that the business is supposed to be about selling clothes, the market, consumer appeal. But nobody is going to buy these things unless they are theatrical performers or prepared to splurge on a crazy outfit for a costume party.

That's not the point, the New York Times veteran fashion critic Bernadine Morris told me once. It's to get media attention for the designer so that the brand name achieves an aura that can then sell perfume, sunglasses, jeans, maybe even a dress or a suit.

The media tend to play the game, reproducing the extravagant, often amusing pictures for the big audience and pulling their punches as they still strain to pretend they are talking about fashion.

Suzy Patterson, who covers the shows for The Associated Press, says: "I like clothes, so I try to find something you can write about that's wearable, that's attractive. There are more and more designs to see, and less and less usable clothes. No real trends."

In fact, fashion in the entertainment age is liberating women from fashion. Anything can be considered in or out. It's getting almost impossible to look dowdy.

Paris is striving to regain its place as preeminent fashion capital for the world. There was a time when that meant setting the standard for elegance, for the implied social superiority that went with luxury attire, beautiful fabrics, superb craftsmanship and rich adornment.

At the same time, Paris was amused to consider itself the carefree voyeur's haven. After World War I, Americans sang a song that went, "How are you going to keep them down on the farm after they've seen Paree?"

There is no more monopoly on advice for tastefully flaunting wealth and looking sexy. Maybe that's globalization, too, but it seems oddly uneconomic to put so much effort into producing what scarcely anybody would like to buy.

No one's going to buy these clothes unless they're going to a costume party.

Still, it is a sight to see, another part of the great fantasy divide that separates people into entertainers and the entertained.

It's a stretch to call it fashion, but it is a reflection of the way society is becoming at once both homogenized in the search for superstars and super-shocks and diffused in the unraveling of convention. The century is ending without a grace note, but with plenty of choice.

© Flora Lewis

LETTERS TO THE EDITOR

Immigration Reform

Regarding "Misguided Immigration Reform" (Opinion, Oct. 4) by Anthony Lewis:

Mr. Lewis seems to have ignored the putative benefits of having the State Department, instead of the Immigration and Naturalization Service, take responsibility for reviewing applications for U.S. admission and naturalization.

I would think that preferable to the present situation, in which a visa can be second-guessed by INS officials at America's borders. This frequently has horrible consequences — note Mr. Lewis's recent report *("Strip-Searched, Jailed, Expelled," Opinion, Sept. 10)* on the atrocious treatment of a Chinese business woman traveling on a visa who was arrested in Anchorage, Alaska.

WILLIS W. JOURDIN Jr.
Bishkek, Kyrgyzstan.

Hounding Papon

Regarding "Papon Is Evicted Again, This Time From a House Rented Near French Trial" (Oct. 17):

Imagine a sick old man being hounded from hotels and houses, unable to find shelter. Have we heard that before? Fifty-five years ago? Multiplied by millions?

M. JUNE FLANDERS.
Tel Aviv.

A Real Crime

Regarding "Washington's Real Crime? Scandalous Investigations" (Opinion, Oct. 15) by Richard Cohen:

Commenting on an independent counsel's probe into the death of the White House aide Vincent Foster, which confirmed the suicide verdict that every competent authority already had reached, Mr. Cohen asks: "Now can we have an investigation into why there have been so many investigations?"

He notes that since 1994, Kenneth Starr has spent more than $25 million achieving similar dismal results in one probe after another. "Now," Mr. Cohen says, "there's a crime for you."

I agree, but this number doesn't tell the whole story.

According to the General Accounting Office's latest count *(Political Notes, Oct. 2)*, four independent counsels appointed to investigate the Clinton administration have spent more than $44 million in less than three years. I can think of better ways to spend my tax money.

RICHARD P. WILSON.
Mobile, Alabama.

French Education

Regarding "France's Pen Romance" (Meanwhile, Oct. 16) by Anne Swardson:

As an ever-grateful non-French recipient of a French education, I wish to reassure Ms. Swardson that she did the right thing to put her children in a French school. If they stay there long enough, not only will they learn to speak a beautiful and important language with native competence, but they also will develop an organized mind, one that can analyze and differentiate between what is important and what is not, what we learn to retain and what we learn just to develop "our little gray cells."

The emphasis on seemingly unimportant things, such as acquiring a neat handwriting and memorizing poems and theorems, has served me well.

D. KAMIL SIRRY.
Cairo.

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David Suter

London's Killing Fields

Mystery Stories as Guidebooks

By Marilyn Stasio
New York Times Service

LONDON — Most people tend to lose track of time when they travel. Me, I keep forgetting which century it is. This lapsus mentis strikes with peculiar force in London, which I attribute to the mystery stories I make my guidebooks.

Strolling Marylebone under the influence of Conan Doyle, I suddenly find myself in 1892, wrapped in the moist shroud of a thick green fog; making my way to 221B Baker Street, I stand under a hissing gaslight and watch as Sherlock Holmes imperiously hails a hansom cab to take him to the Diogenes Club. . .

Alone among the smart crowds dining alfresco in the fashionable Docklands, I am back in 1769 with Sir John Fielding, first Magistrate of the Bow Street police force (and sleuth in a vibrant series of period mysteries by Bruce Alexander); soaking up the squalor of those dangerous dives among the docks, wharves, piers and storehouses that served the sailors of a vast, vanished merchant fleet . . .

As the lights go up at the intermission of a West End play, I scan the audience for that distinguished Victorian gentleman in Anne Perry's "Farrier's Lane" (Fawcett) who is about to keel over in his box from the lethal dose of opium that someone slipped into his silver brandy flask . . .

And don't even talk to me about Jack the Ripper!

Lest you think me morbid, hear what Peter Ackroyd has to say about the power of evil to slip its temporal moorings in London. Time doesn't pass in Ackroyd's brilliantly perverse historical novels; it flows in a continuum that allows characters born in different centuries to move in the same existential stream. Noting that murderers are inexorably "drawn to those places where murders have occurred before," he speculates that "certain streets or patches of ground provoked a malevolence" that lingers in the soil, inspiring evil down through the ages.

English churches (and church graveyards) have not been the same for me since I read Ackroyd's "Hawksmoor" and made the acquaintance of a satanic 17th-century architect who constructs churches on plague sites and graveyards. Since this devil-worshipper always tops off his handiwork with a human sacrifice, the seven churches he builds (among them Christ Church in Spitalfields and St. George's in Bloomsbury, historically credited to Christopher Wren's assistant, Nicholas Hawksmoor) provide the evil inspiration for the latter-day fiend who roams the novel.

A Christmas Tale

In "The Trial of Elizabeth Cree" (Doubleday), Ackroyd plunges into "a sinister, crepuscular London, a haven for strange powers, a city of footsteps and flaring lights, of houses packed close together, of lachrymose alleys and false doors" to evoke the Ratcliffe Highway murders. These monstrous crimes, in which two families were butchered in their beds in Wapping during the Christmas season of 1811-12, anticipated the atrocities of Jack the Ripper by more than 75 years.

The senseless savagery of the attacks prompted Thomas De Quincey, in his famous essay "On Murder Considered as One of the Fine Arts," to define one who kills out of "pure voluptuousness" as "a solitary artist . . . self-supported by his own conscious grandeur." P. D. James revisits the same fertile, if poisonous, ground in "The Maul and the Pear Tree" (Warner). Writing with the police historian T. A. Critchley, she makes a strong case that the presumptive killer (whose quaint punishment was a wooden stake through the heart) was, after all, an innocent man.

All of this just goes to show that murderers aren't the only ones who are drawn to the killing fields of London. Clutching their own guidebooks (from Shakespeare and Dickens to Henry Mayhew's "London Underworld"), authors keep returning to the bloody old haunts, picking through the rubble of history for new insights into the city's criminal past — and fresh evidence for rewriting it. When last I climbed the stone steps in the Tower of London, I heard the ghostly voice of Richard III begging to borrow my copy of "The Daughter of Time" (Buccaneer), in which Josephine Tey's Scotland Yard detective exonerates the reviled monarch of regicide in the cruel murder of those poor little princes in the Tower.

Yellow gloom Margery Allingham can make a routine trip to Paddington Station feel like a stopover in hell. "The fog was thickening and the glass-and-iron roof was lost in its greasy drapery," she writes in her postwar mystery "The Tiger in the Smoke" (Carroll & Graf).

Passengers materialize from the yellow gloom of this "bone-chilling and menacing" fog, only to disappear in the moist plumes of steam billowing from waiting locomotives. Frankly, I forget the plot point to this scene. But whenever I take a London train, even from modernized and minimized Paddington, I recall the thin light and muffled sound of that fogbound station, and feel once more "that tremendous air of suppressed excitement which is peculiar to all great railway stations."

James, whose atmospheric style makes her a worthy successor to Allingham, has said that she always begins with the setting when she writes a mystery. Taking the Thames for her territory in "Original Sin" (Warner), she makes it the ancient, tainted bloodstream of a generational crime story set in a mock-Venetian "palace" on the riverbank. "As if physically drawn by the strong tug of the tide, the faint evocative sea smell," characters come and go (and are found floating) on this "narrow glitter of shivering water," which bears on its relentless tide all the crimes of its history.

THE trouble with this kind of writing is that you are doomed to recall every gory detail when you return to the scene of the crime. Ruth Rendell and Anne Perry, in particular, have left me with some very special memories of corpses hanging from the lampposts on Westminster Bridge, impaled on the spiked railings that surround Regent's Park and crucified in a dark alley in the West End.

Jollier scenes can be mined, to be sure, from English mysteries. Although my first inclination when taking in a trial at the Old Bailey is to look for the crimson roses that were on the bench ("they looked like splashes of blood") when Harriet Vane stood in the dock for poisoning her lover in Dorothy L. Sayers's "Strong Poison" (Harper Paperbacks), I will also search the ranks of barristers for rumpy-dumpy Horace Rumpole, the adorable reprobate who practices his version of the law in John Mortimer's comic mysteries. And I once spent an amusing hour in Lincoln's Inn Fields reading "Thus Was Adonis Murdered" (Dell) and trying to pick out, among the clever young things babbling on the grass, that "decorative little group" of young barristers (Ragwort, Cantrip, Selena and Julia, by name) who speak so ironically and carry on so outrageously in Sarah Caudwell's witty mysteries. But who can linger for long in such a pleasant spot when, just down the Embankment, there might be a corpse dangling from Blackfriars Bridge?

Marilyn Stasio writes the Crime column for The New York Times Book Review.

A Challenging Trek in Tibet

Incendiary Sunshine, Downpours and Hailstorms

By Paula Budlong Cronin

LHASA —Years ago, on a back street in Katmandu, I happened on Heinrich Harrer's autobiographical "Seven Years in Tibet." It's the kind of book you read in a single sitting; then, if you're like me, you set out for Tibet yourself.

I came close several times. Once, peering up from Everest Base Camp in Nepal and knowing that climbers also reached the world's highest summit from another Everest Base Camp in Tibet. And once, striding across the ridge approach to Kanchenjunga (the world's third highest mountain) and looking down into a yak pasture that somewhere, across an invisible line, became Tibet. And again, hiking at 14,000 feet (4,260 meters) north of Manaslu (seventh highest mountain) and happening on an unguarded frontier crossing marked by a heap of stones and prayer flags.

This year, I finally made it.

The trip — more specifically, the trek, by definition "an arduous journey" — was the first ever made by the outfitter, Mountain Travel-Sobek, in this part of southern Tibet. We were 15 experienced trekkers (a cheerful mix of Americans, Canadians and Germans from ages 21 to 65); three seasoned leaders (Cathy Ann Taylor, an American on the eve of marriage to a Tibetan; "Little" Dawa, a Nepali Sherpa; "Big" Dawa, a Tibetan jack-of-all-trades and our Chinese official guide); five Nepali camp staff (four Sherpas and a Chetri); five Tibetan yak herders; 21 yaks (Tibet's heavy-duty beasts of burden as well as sources of food, shelter and clothing), and four horses (constant reminders that Tibet has no emergency helicopter service).

With an average altitude of 13,000 to 15,000 feet, Tibet is the highest plateau on earth. We were eager to get our conditioned bodies onto the trail, but we knew that the only way to prevent altitude-related problems (headache, nausea, dizziness and shortness of breath at the minimum, death-dealing pulmonary edema and cerebral edema in the extreme) was first to give our bodies time to acclimate.

Eye-Level Views

Thus, after our flight from Katmandu to Tibet's only commercial airport — the pilot dipped the plane to give us eye-level views of Everest, Kanchenjunga, Lhotse, and Makalu, four of the world's five highest mountains — we spent three days hanging around the Tibetan quarter of Lhasa, which has an altitude of about 12,000 feet, not counting the 13-story climb to the top of the Potala Palace, Lhasa's imposing landmark.

In working monasteries, historic palaces, and crowded bazaars, we were essentially the only Westerners, sharing Lhasa with Tibetans whose costumes have scarcely changed in hundreds of years: belted, full-length robes with sleeves long enough to double as gloves and striped aprons for married women, who braid colorful cloth strips into their hair and wear small fortunes in turquoise, coral and silver jewelry and prayer amulets.

Few of the Tibetans we encountered spoke a word of English. But one day when I was caught in a press of pilgrims pushing around a chapel deep in the labyrinth of the 15th-century Sera Monastery, a kindly monk stepped forward to be sure I spotted the Horseneck Buddha and then took my arm. "Carefully, madam. Very slippery." The steps were slick with the yak butter that fuels the flickering lamps.

Finally, parceled with our gear and crew into four-wheel-drive Toyota Land Cruisers and a truck, for one very long day we bounced and swerved over a rock-and-dirt track punctuated with sudden stops, diversions, fords and washouts attributable to the swollen Kyi Chu that raced along beside us. Men fished there from coracles of yak skins and willow strakes.

Our trek began in a yak pasture below Rutok Gompa, an 11th-century monastery that looked half-destroyed and abandoned. But in the deepening evening, some of us climbed the 400 feet to test our new tolerance for altitude. Suddenly a handful of young monks materialized on a crumbling balcony, picturesque behind a row of prayer wheels. We barely had time to take their photograph before they were gone.

Grazing yaks And so it went. In randomly alternating incendiary sunshine, downpours and hailstorms, we walked up and up into a world we had supposed long gone. Time and again, enormous landscapes opened before us, populated only by grazing yaks, sheep and goats and the nomads who tend them, and carpeted with geranium, mock orange, primula, iris, primrose, poppy and a purple flower whose root makes *rakshi*, a local firewater. Once wild sheep picked their way down a cliff beside us. Jingling bells meant approaching horsemen, who looped about day and night, singly and in groups, sometimes pausing to stare at us.

Explorers

Potala Palace in Lhasa, where the trekkers spent several days getting acclimated.

The first time we approached a nomad family's four-sided tent, made of black yak hair, puzzled adults and children standing outside gestured for us to come in. The one-room home for an undefined number of adults and children, including a newborn hidden inside a blanket, was as tightly organized as a ship's cabin, and centered around an open fire on the floor. Enormous pots simmered over embers of yak dung cakes and juniper branches. Dried yak cheese hung from a line. Heavy blankets were folded far up the walls.

"Giving good service" is one way Tibetan Buddhists insure for themselves a less sorrowful next life. Once, when we were hiking through a meadow, a man and a woman and their children came scampering across streams and lumpy yak paths from their tent half a mile away with a pot of yak tea and a small cup. When it became clear that one cup wasn't enough, one child ran back for more and a string of yak cheese — which tastes and feels like a salt lick.

We spotted Dzinchi from miles away, where the Woka Valley narrows and the horizon is snowcapped Himalayan peaks. When we entered the town, with houses and walls of turf and weather-dried mud bricks, it was so deserted we supposed it must be the winter home of nomads. Then we rounded a corner into the square and into an enormous crowd. The whole town was waiting for us.

THE monastery (or *gompa*), founded in the 10th century by a celebrated monk, was padlocked, but a monk peering out a crack unlocked the massive door just long enough for us to slip in. Sadly, there wasn't much to see. In 1959, Red Guards in the heat of the Cultural Revolution had "deconstructed" the gompa along with thousands of other monasteries in Tibet. Now it is being rebuilt, even with some Chinese funds, but the Red Guards had destroyed or stolen all the statues, so the ones we saw were new.

The way out of Dzinchi begins with a steep climb up to a ridge. When we looked down, there was everyone in town looking up, watching us go. We had brought along one of the 12 monks still living at the gompa (500 lived there in the old days), a well-fed man who ran up trails we took at a yak's pace and led us up the mountain to six monastic caves.

One of the caves was occupied by a nun, her son and a grandson. She had been praying for years for Guru Rinpoche, a teacher revered as the second Buddha, in a cave crowded with butter lamps and other religious relics, while she lived in another one beside it. Walls of dried juniper branches shielded both caves from the weather. Only the worn dirt path outside the caves broke the 500-foot drop to the valley floor below.

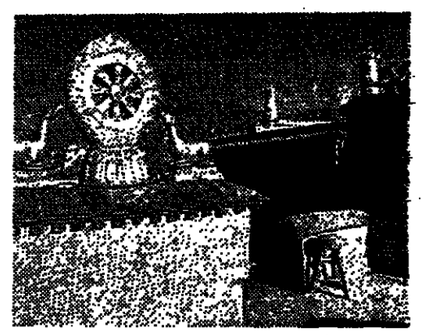
In another, three young monks contemplated us from their mud-brick balcony. They said they had been sent from Sera Monastery to meditate for three years, three months, and three days, and that three other monks were inside the cave praying but could not be seen or talked to.

By now we were prowling a vertical village of networked stone-walled paths built on precipices past padlocked wooden doors that seemed to lead directly into the mountain. Each cave was higher than the last, so we kept climbing. Whenever we looked back, we glimpsed robed monks who hadn't shown themselves earlier, solemnly swinging their prayer wheels while they watched our progress upward.

At one of the highest caves, a monk told "our" monk, who told Dawa, who told us, that the cave once held sacred texts that told the caves' ancient story. But in 1959, the Red Guards destroyed them.

Gyelong La (17,200 feet) is a moonscape with magnificent views of snowcapped mountains and green valleys. Over the centuries, pilgrims have honored the Dalai Lamas' pilgrimages by paving the top with flat stones and building a forest of cairns (some of them works of art).

From here the track leads down into yet another Shangri-La, the lush scenario that repeated itself every day, again and again. Little Dawa showed us a path that leads between an ancient Mani wall (stones carved with Buddhist prayers) and a brick wall just the height for Dalai Lamas



E. Simmons/Explorers

Roof of Jokhang Temple in Lhasa.

to sit in meditation. We were now just a day's walk from Lhamo Latso.

The last night we pitched our tents outside the 16th-century monastic complex of Chokhorgyel, a ruin first destroyed in 1718 by invading Mongolian Dzungars and then blasted with dynamite by Red Guards. Only a few monks live in Chokhorgyel now, sending a novitiate under a shoulder yoke of buckets to the river every morning for water.

Pilgrimage spot It is primarily famous as the former living quarters of the Dalai Lamas when they made pilgrimages to Lhamo Latso.

The walk put our fitness to the test. For our yak herders, the destination, a 17,800-foot ridge above the lake, was a perk. They set out at dawn on the 3,000-foot climb, hours before we set out ourselves. A few feet short of the ridge — a two-foot-wide precipice cluttered with many strings of prayer flags and the Dalai Lamas' stone throne — we met the herders returning. I was focused on scrambling for footholds and handholds when the first man stopped me and took my hand. He began to chant, and looked so intensely into my eyes that I felt I had to take off my glacier glasses to return his gaze. Mostly I was intimidated by the climb, but there for a moment, held in his stare, I understood.

Paula Budlong Cronin, a veteran trekker who travels often in Asia and Africa, wrote this for The New York Times.

THE CAR COLUMN

SEAT Arosa: A Tot That's Snappy, Efficient, but Not Trendy

By Gavin Green

THERE has been a plethora of cheekily styled and intriguing looking new baby cars unveiled this year. The SEAT Arosa isn't one of them.

It is undoubtedly highly significant, marking the entry of SEAT's owner, Volkswagen, into the baby car sector. But a cute little head turner it isn't. The Arosa looks conservative, staid even, an upshot of VW's belief that small car buyers want reassuring, everyday shapes in their driveways, rather than styling from outer space. The Ford Ka and Mercedes A-class look like they belong to another age. The Arosa looks like a downscaled Volkswagen Polo.

Mercedes, Ford, VW (and soon General Motors) are all jumping into the baby car sector, joining longer term players such as Fiat and Renault, because the small car is currently in vogue. Sales of tots are booming, at least in Europe. They're seen as trendy, ecology-friendly and sensible. Whereas a few years back, you only bought a small car if you couldn't afford a bigger one, nowadays you buy a small car because you want good value, don't want to destroy the planet and don't mind advertising your stylish common sense.

Don't let the meaningless SEAT moniker put you off the Arosa. SEAT has never really stood for anything, other than cheap Spanish cars, and nowadays probably has less worldwide awareness than virtually any other car maker. It started out life making cheap Fiats under license, and kept on doing so until Volkswagen bought it in 1985. It now makes cheap VWs. In an attempt to give it a brand identity — the car industry buzzphrase at present — VW is trying to steer it to a trendy, youth-oriented niche.

In Volkswagen Style

Not only is the Arosa not very trendy looking, it also isn't very Spanish. It is designed and built in Germany by VW.

The styling may be ordinary, but the car is well made — as good as a Polo. The cabin is also well trimmed and finished, although — in typical VW style — grays and blacks are the dominating shades, completely at odds with SEAT's young-and-cheerful, colorful-and-Spanish marketing niche. It is more Ruhr coalworker than flamenco dancer. The doors shut with a reassuring VW-like clunk.

The instruments and switches are

easy to see and to twirl, visibility is good, and everything works well. Yet a little bit more cabin design flair, as seen with the Ford Ka, the Mercedes A-class and the older Renault Twingo, would be welcome. The Arosa is a cheerless, if efficient, place to spend time.

The front seats are roomy and comfortable, but backbenchers suffer. Unlike the A-class, which has an enormous cabin, or the Twingo, which has sliding rear seats, this is a conventionally engineered small car. So, the back seats are tight.

POWER, in our test car, came from the familiar 1.0-liter VW engine, as used in the base model Polo. It does the job, but not with much finesse. Around town, helped by low gearing, the Arosa whizzes along at a lively enough pace, but on the open road the engine complains.

My test car also had air conditioning, proof that the modern small car is no longer a stripped-down, basic mode of transport. Trouble was, whenever you hit the aircon button, it felt like two of the cylinders were switched off. The cabin may have been cool, but the poor little engine soon got distinctly peaky.

So what do you expect from a small car with a small engine, cynics might say? But they would be wrong. The new-age tiny tots now deliver mostly proper, grown-up performance, as opposed to the tottering gait of a toddler. The Arosa 1.0-liter, however, is just too sluggish.

It handles well, however, and rides acceptably. The gearshift, although a little notchy, is fine, and even with the small engine, there is still a pleasure to be had from driving the Arosa. The engine squeals willingly, and comes across as a big-hearted unit, even if it is short on lung power.

Besides, there is something intrinsically enjoyable about driving small cars: immediacy, lightness, snappy controls and ease of parking, further helped by the Arosa's standard power assistance for the steering.

It is easy to see why Europeans are falling over themselves to downsize, especially if they live in cities. It is also easy to see how Volkswagen will prosper with its small-car offering.

But it is somewhat harder to understand why it should be wearing a SEAT badge.

• SEAT Arosa 1.0. About $11,000. Four-cylinder engine, 999cc, 50 BHP at 5000 rpm. Five-speed manual gearbox. Top speed: 150 kph (94 mph). Acceleration: 0-100 kph in 15.5 seconds. Average fuel consumption: 5.8 liters/100km.

Next: The VW Golf

Gavin Green is the editor-in-chief of Car magazine.

هكذا من الأصل

THE FREQUENT TRAVELER

Scratch That Power Shower

By Roger Collis
International Herald Tribune

BE honest. Do you sincerely need an enormous room with a walk-in power shower and a galaxy of designer toiletries, a king-size bed, a club lounge with complimentary cocktails? Would it be a great hardship to forgo having your bed turned down with a good-night chocolate on the pillow? How often do you use the hotel pool, fitness center or 24-hour butler service?

A growing number of business travelers, faced with the prospect of steep increases in hotel prices, fueled by strong demand as the global economy improves, are discovering that they can enjoy as much comfort as they need (or almost as much as they aspire to) by trading down from a five-star deluxe hotel to four stars or even three stars.

You might call it trading across rather than trading down. The term "mid-market" or "budget hotel" no longer means cheap and cheerful — at least in the pejorative sense. Lower prices are typically reflected in smaller rooms, fewer bars and restaurants, and fewer staff to smile and open doors and forget your name. But you can expect a decent room and bed (hold the nylon sheets!) a direct-dial phone and desk, satellite TV, a modem for your laptop, and tea and coffee-making facilities. Business travelers these days want to be self-contained in their room, independent, quick off the mark. They want to be able to press their trousers or iron a blouse without calling room service and grab a coffee and a croissant in the lobby on the way out.

THE expectation in five-star hotels, however, is that guests need to be waited on hand and foot and order everything they need. Unless you need a good address to impress, there may even be times when you feel more comfortable staying with fewer stars. Especially when it comes to settling the bill. In London, for example, the published rate for a five-star deluxe hotel is more than £200 (about $325) a night, compared with around £120 for a premium four-star, £85 for a good three-to four-star, and £50 for a "budget" place.

Borge Ellgaard, vice president of the hotel relations group in Europe for American Express, says: "A good four-star hotel meets 95 percent of business travelers' needs. The difference between a three-star and a four-star *in my opinion* is a slightly smaller room and 24-hour room service. What you're paying for in the five-star category is service and space, and then, of course, frills — power showers versus ordinary showers, for example."

"Three-star hotels are increasingly attractive to business travelers," says Melody Goodman, a director of Gray Dawes Internet Travel in London. "Many now offer business services and many of the facilities business travelers need — even small things like making sure the restaurant or coffee shop is open for longer hours. I think they're filling a definite niche in the market and are offering a good alternative to four and five-star properties."

Worldwide Boom

A worldwide boom in business travel has led to a dramatic rise in hotel room rates and occupancy levels — especially at the top end of the market. The American Express European Business Index for the second quarter of 1997 reports that published corporate hotel corporate rates (typically, 5 to 10 percent less than *rack rate) are set to climb steeply in* many business destinations.

Western Europe showed some of the highest price increases. "Deluxe" hotel rates rose by an average of 13 percent over last year — the largest increase within any region or class of hotel. "First class" and "tourist class" hotel rates rose by between 9 percent and 13 percent — with the highest increases in Britain *(11 percent), Italy (9 percent)* and Belgium (5 percent); while rates in France remained flat and in Germany fell by 3 percent — attributed to the growing effect of the recession and more new hotels being built.

Individual cities showing the highest year-on-year increases in first-class hotel prices were Bombay and Chicago (both up 25 percent); Hong Kong (17 percent); Singapore (5 percent); Sydney (11 percent); and New York and San Francisco (12 percent). New York is the most expensive city in the United States with an average hotel room rate of $219.

Hogg Robinson Travel's Hotel Rates Survey for the first half of 1997, which reports on average hotel rates paid regardless of published rates, paints a similar picture of spiraling prices, notably in *the emerging markets of Asia, South* America and Eastern Europe where negotiated rates are less common and corporate travelers are more ready to pay five-star prices to ensure standards of comfort.

According to Hogg Robinson, the average paid-for rate worldwide rose by 2 percent in the first six months of the year to £81.29. Hong Kong emerges as the costliest city with an average paid-for rate of £166 (an increase from 1996 of 10.21 percent) with Perth, Australia, in 113th place with rates of £48.28 (a decrease of 8.77 percent). Bombay and New Delhi (£154) are in 4th place with a rise of 8 percent; New York (£138) in 9th place, a rise of 4.3 percent; Tokyo (£118) is 17th, a decrease of 6 percent; Zurich (£113), a decrease of 19 percent; London (£104.87) is 41st, an increase of 8 percent; Singapore (£103.16) is 47th with zero increase, closely followed by Frankfurt (£103) with a decrease of 6 percent.

THE REAL RATES However, Carolyn Moore, divisional manager for hotels at Hogg Robinson Travel in London, says: "Hotel prices aren't rising quite as much *in real terms as the hype tells us when* you compare published rates with average paid-for rates negotiated by companies — between 25 and 45 percent off the rack-rate. Hotels are doing extremely well to get 12 percent of their total business at rack-rate. The problem for companies in strong markets like Britain and North America is that hotels are not respecting negotiated rates when *it comes to last room availability. Hotels,* like airlines, have become smarter at yield management — adjusting room rates in line with occupancy and demand. You may be told the hotel is full, but maybe only at your rate. So you may want to negotiate a higher rate — maybe only a 25 or 30 percent discount — to guarantee last room availability or an upgrade.

"Hong Kong is obviously at the top of the survey — although since the handover we've seen a slight decline in rates. Japan — one of the biggest travel destinations — has shown a huge 17 percent decrease in rates due partly to the recession and more sophisticated negotiated rate programs."

GOOD TRAVEL DEALS

GETTING THERE		
ALL NIPPON AIRWAYS	Japan	New "Visit Japan" fares allow ANA passengers visiting Japan from overseas a 50 percent discount on up to four domestic flights with 14-day advance purchase.
BRITISH AIRWAYS	France to United States	Round-trip fares from Paris to New York, 2,500 French francs ($420); Paris-Washington, 2,580 francs; Los Angeles and San Francisco, 3,400 francs and Miami, 3,100 francs. Bordeaux, Lyon, Marseille, Montpellier, Nice, Toulouse to New York/Washington, 2,580 francs; Los Angeles, 3,590 francs; Chicago, 2,750 francs. Conditions apply. Until Oct. 31.
EMIRATES	Britain to Hong Kong	Round-trip fares from Heathrow, Gatwick or Manchester (via Dubai) for £387 ($630). You must book before Nov. 30. For travel until Dec. 5. Trailfinders, (44-171) 938-3939.
OLYMPIC AIRWAYS	*London to* Johannesburg/ Sydney	*Two-for-one in business class (via Athens) for £729 ($1,190) per person* round trip to Johannesburg and £1,134 to Sydney. Until March 31. Travel-Mood (44-71) 258 0280.
QATAR AIRWAYS	London to Middle East	Passengers buying a full-fare round-trip ticket from London Heathrow to Doha, Abu Dhabi, Dubai, Kuwait, Jeddah, Dhahran, Bahrain or Katmandu will be upgraded to the next class. For travel until Dec. 31.
SINGAPORE AIRLINES	Britain to Asia	Round-trip fare from London or Manchester to Singapore, Kuala Lumpur or Penang for £398 ($650). Certain conditions apply. You must book before Nov. 30 and complete travel by Dec. 10.
SINGAPORE AIRLINES	Britain to New Zealand	Round-trip fare of £795 from London or Manchester to New Zealand via Singapore with optional stopovers in Singapore (or Bombay for departures from Manchester) in both directions. For travel before Nov. 30 or between Jan. 21 and March 31. TravelMood (44-71 258 0280).
SWISSAIR/DELTA AIR LINES	Switzerland to United States	Round-trip fare for 548 Swiss francs ($370) from Zurich, Basel or Geneva to Chicago or 558 francs to any of 29 further destinations. For travel between Nov. 1 and Dec. 10.
UNITED AIRLINES	Hong Kong to North America	MileagePlus members can buy round-trip tickets from Hong Kong to Los Angeles, San Francisco, Seattle or Vancouver from 2,900 Hong Kong dollars ($375); and to New York or Chicago for 3,800 dollars. You must leave before Oct. 31. Tickets are valid 90 days and you are allowed one stopover.
WHERE TO STAY		
GRAND HYATT	Atlanta	"Touch Weekend Package" for $169 includes room with breakfast for two and valet parking. Until Dec. 30.
HYATT REGENCY	Hong Kong	"Winter Package" single/double for 1,650 Hong Kong dollars ($213) includes buffet breakfast. Minimum 3-night stay. Nov. 20 to March 15.
INTER-CONTINENTAL TOKYO BAY	Tokyo	Single or double "superior" room for 25,000 yen ($206). Until Dec. 30.
HAINAN MANDARIN	Hainan, China	Introductory rate of $80 single/double with breakfast. Until Nov. 30.
PARK HYATT	Los Angeles	"Weekend Package" "deluxe" room single or double for $179 includes continental breakfast. Until Dec. 31.
SHANGHAI JC MANDARIN	Shanghai	"Deluxe" rooms for $120 per night single or double. From Dec. 10 to Feb. 28.

Although the IHT carefully checks these offers, please be forewarned that some travel agents may be unaware of them, or unable to book them.

MOVIE GUIDE

RIEN NE VA PLUS
Directed by Claude Chabrol. France.

Betty (Isabelle Huppert), filled to the brim like a small vial of poison, seduces the hapless victim, while her partner Victor (Michel Serrault), moves in for the rip-off. The couple operates in casinos, luxury hotels and ski resorts, wherever there is a seminar for dentists or other suckers of a society they mock. In between, they live in a stuffy Parisian apartment, snacking on caviar. Betty picks up a boyish Swiss banker in the Alps (Francois Cluzet), who turns out to be a bit crooked himself: He says he loves her and wants her to share his heist. With the lure of Swiss gold, they follow him to Guadeloupe, and discover that they, too, have been had. Chabrol, who signs his 50th film with "Rien ne va plus," has devised an infernal machine that could roll along quite nicely — if he had given it someplace to go. Instead, the characters are caught inside, stalled by inertia. Once ensconced in the Alps, they need the theatrics of fake identities and scams to keep up pretenses. Huppert — a black wig, red nails — is made up to act like a wicked little girl in a Chabrol film. Serrault's sourpuss Victor, a master of trickery, is a thin disguise for the director. The audience wants to share in the Chabrolian feast but there's simply not enough fun to go around. The timing is sluggish, the mountains oppressive, and this is a movie in which nobody — including the director — has anything to say. *(Joan Dupont, IHT)*

LIVE FLESH
Directed by Pedro Almodovar. Spain.

In Almodovar's 12th movie since his debut in 1980, he does not build the script around a dominant female personality, which has been his hallmark since "Women on the Verge of a Nervous Breakdown" a decade ago. Instead, the two most engaging characters in "Live Flesh" are men: a paraplegic ex-cop (Jorge Sanz) and a young ex-convict (Liberto Rabal), vying for the same woman (Francesca Neri) in Madrid. Almodovar dampens his usual humor and flashy stylized sets, emphasizing a tension that carries the film forward quite well. The ex-con's dogged pursuit of his love interest recalls a similar plot from the 1989 film "Tie Me Up, Tie Me Down." But here, the intrigue is richer, although some telltale clues forewarn the finale. Almodovar gets in a few jabs at the Franco dictatorship, and reveals some of Spain's idiosyncrasies. But the film is more of a well-acted morality play that could take place in many big Western cities, which might make it easier to grasp for international audiences than some of his other films more steeped in Spain. *Almodovar shows here that* the bad guys come in many stripes, and even a bit of repentance cannot always save them in the end. *(Al Goodman, IHT)*

DEVIL'S ADVOCATE
Directed by Taylor Hackford. United States

Meet Faust in fancy cowboy boots: Kevin Lomax, the lawyer played by Keanu Reeves. Lomax is at the heart of a high-concept sentence ("Slick yuppie is co-opted by slicker New York Satan") that has been spun into a lavish-looking, cleverly entertaining morality play about selling out to Manhattan's temptations. This time the devil, the aptly named John Milton (Al Pacino), is the head honcho at a law firm. High on his own career trajectory, Lomax is in a mood to say yes when a strange lawyer flashes a big check, luring him to Milton's firm. While there is no small irony in a big Hollywood *film's finger-wagging about* the seductions of wealth and power, "Devil's Advocate" does avoid clumsy moralizing. It helps that the film finds Faustian deal making and yuppie ambition not very different. In the ultimate lawyer joke of a movie, it becomes clear why Kevin's legal talents are the devil's instruments of choice. Milton eventually notes that nobody on earth could do his bidding better than a well-trained band of attorneys. *(Janet Maslin, NYT)*

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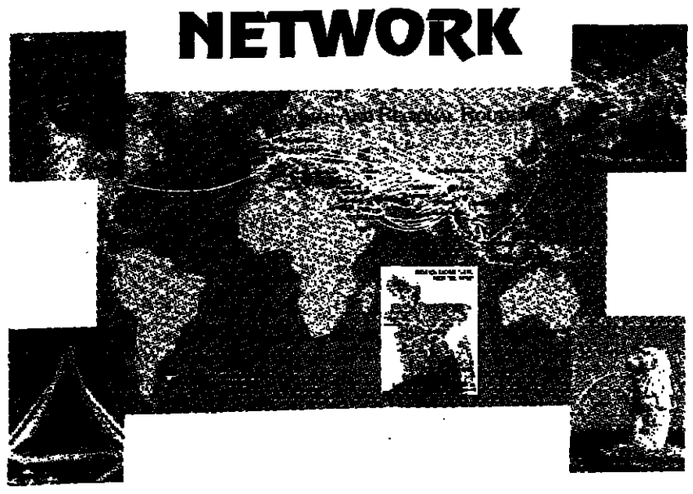

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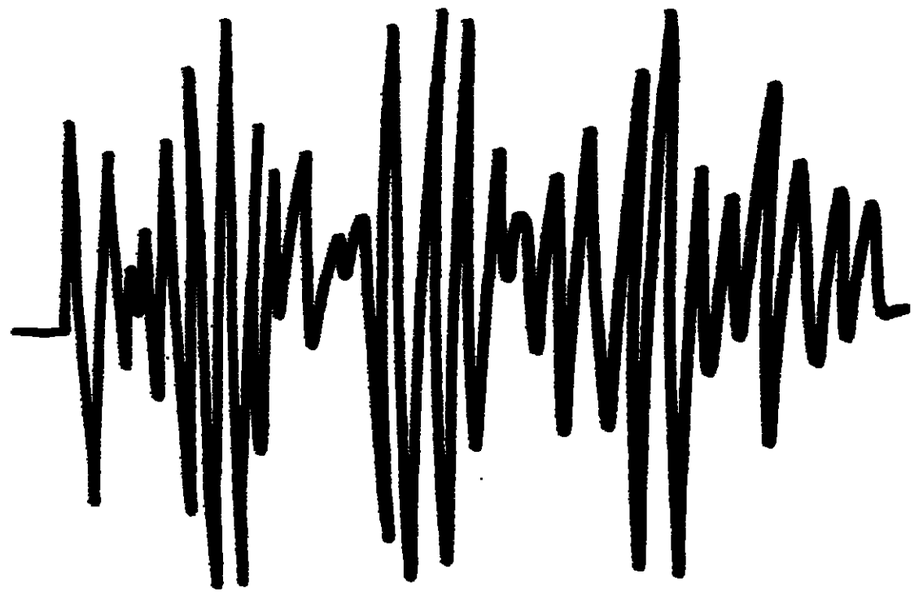

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ARTS GUIDE

BELGIUM

BRUSSELS

Palais des Beaux-Arts, tel: (2) 507-8466, closed Mondays. To Jan. 4: "Kunst in de Bank." A selection of 200 works from a collection of several thousand held by Banque Paribas. Features landscapes from the late 15th to the early 20th century; works by Rubens, Brueghel and Jordaens; and modern works by Ensor, Van Rysselberghe and Rik Wouters.

BRITAIN

LONDON

National Portrait Gallery, tel: (171) 306-0055, open daily. To Feb. 1: "Raeburn." The portraits by the Scottish painter Sir Henry Raeburn (1756-1823) mirror Edinburgh and Scotland at the end of the Enlightenment. Approximately 70 works from the National Gallery of Scotland and private collections.

Victoria & Albert Museum, tel: (171) 938-8441, open daily. To Jan. 18: "Carl and Karin Larsson: Creators of the Swedish Style." At the turn of the century, the Larssons decorated their home with Japanese prints, British Arts and Crafts ideas and Swedish folk designs. The V&A displays some of their furniture, paintings and photographs, as well as watercolors by Larsson himself.

FRANCE

PARIS

Galeries Nationales du Grand Palais, tel: 01-44-13-17-17, closed Tuesdays. To Jan. 5: "Les Iberes." Contemporary to the Phenicians and the Greeks, the Iberian civilization developed on the western side of the Mediterranean from the 6th to the 1st century B.C. The exhibition features sculptures, ceramics, gold jewelry, silver plates and bronze ex-votos. Also, to Jan. 26: "Georges de La Tour, 1593-1652." Scenes with beggars, players of the hurdy-gurdy and holy figures, as well as figures caught in the light and shadow of candle flames.

Musee d'Orsay, tel: (01) 40-49-48-14, closed Mondays. To Jan. 18: "La Collection Havemeyer: Quand l'Amerique Decouvrait l'Impressionisme." Henry Osborne Havemeyer, a sugar industry baron, and his wife gathered in their New York house, decorated by Tiffany, a collection of Chinese and Japanese ceramics, furniture, and works from the main European schools of painting. The exhibition features 40 paintings and pastels by Mary Cassatt, Courbet, Degas and Monet, among others.

Mark di Suvero. To Nov. 15: Nine large sculptures by the American artist have been installed on various locations, including the Esplanade des Invalides, near the Bibliotheque de France and behind the Ecole Militaire. Di Suvero's pieces are constructed, with the help of cranes and winches, with large iron girders that are welded, bolted and bent.

GERMANY

COLOGNE

Wallraf-Richartz-Museum, tel: (221) 221-23-82, closed Mondays. Continuing/To Nov. 30: "Pointillismus: Auf den Spuren von Georges Seurat." Documents the 19th-century style of painting with more than 150 works by Seurat, Pissarro and Signac.

MUNICH

Haus der Kunst, tel: (89) 211-270, open daily. To Jan. 18: "Ellsworth Kelly." A retrospective of 50 paintings and sculptures, from 1949 to the present. Kelly's large-scale abstract paintings usually derive from the carefully observed play of shadow, the shape of a doorway or the pattern of bars on a window.

Kunsthalle der Hypo-Kulturstiftung, tel: (89) 22-44-12, open daily. Continuing/ To Jan. 11: "Cobra." Documents the work of the international art group, 1948-1951, whose members tried to revive Expressionism.

ISRAEL

JERUSALEM

Israel Museum, tel: (2) 6708-811, open daily. To Jan. 31: "Propaganda and Vision: Soviet and Israeli Art, 1930-1955." Works created under Stalin, on loan from the State Russian Museum in St. Petersburg, are constrasted with Israeli works of the same period.

ITALY

PADUA

Oratorio di S. Rocco, tel: (49) 875-3981, closed Mondays. To Nov. 30: "James Ensor." A selection of engravings by the Belgian artist (1860-1949) that illustrate the following themes: self-portraits, friends and family, religious scenes, marines, landscapes and still lifes.

FLORENCE

Palazzo Pitti, tel: (55) 213-440, closed Mondays. Continuing/ To Jan. 6: "The Magnificence of the Medici Court." Art in Florence in the late 16th century.

Iberian vase (50 B.C) at the Grand Palais in Paris.

SPAIN

VALENCIA

IVAM Centre Julio Gonzalez, tel: (6) 386-3000, closed Mondays. To Jan. 4: "El Objeto Surrealista." Approximately 90 objects created by artists such as Arp, Bellmer, Brauner, Breton, Duchamp, Giacometti, Man Ray and Tanguy, among others. The promotion of daily objects to the status of art objects first happened in 1914 with Duchamp's "Bottle-Rack."

SWEDEN

STOCKHOLM

Nationalmuseum, tel: (8) 666-4250, closed Mondays. To June 11: "Cezanne in Focus." This small exhibition brings together 40 paintings and drawings by the French painter (1839-1906) and concentrates on the four motifs that Cezanne continually returned to: portraits, landscapes, still lifes and bathers. Also features Swedish paintings showing Cezanne's influence.

SWITZERLAND

GENEVA

Musee d'Art et d'Histoire, tel: (22) 311-1706, closed Mondays. To April 26: "L'Esprit de l'Inde." Documents how Indian art and crafts bring together eastern and western shapes and techniques. The exhibition features textiles, miniatures, ceramics and ivory items.

RIEHEN/BASEL

Fondation Beyeler, tel: (61) 645-9700. The new museum, built by Renzo Piano, the architect of the Pompidou center in Paris, and inaugurated on Oct. 18, brings together Hildy and Ernst Beyeler's collection of more than 150 modern paintings and sculptures. One of its features is the confrontation between Europeans and Americans, with works by Bacon, Baselitz, Braque, Sam Francis, Klee, Miro, Stella and Mark Tobey, among others. The opening exhibition is "Jasper Johns: Works from the Artist's Collection," and runs until mid-February.

UNITED STATES

BALTIMORE

Museum of Art, tel: (410) 396-7100, closed Mondays and Tuesdays. To Jan. 18: "A Grand Design: The Art of the Victoria and Albert Museum." The items that are on loan from the V&A in London include a Leonardo notebook, a lacquered Chinese throne a bust of the Buddha, and shoes by Vivienne Westwood, as well as paintings by Boucher and Constable. The exhibition will travel to several American cities before returning to London.

CHICAGO

Art Institute, tel: (312) 443-3600, open daily. To Jan. 4: "Renoir's Portraits: Impressions of an Age." Portraits created by the French impressionist (1841-1919) that span his career, with its evolving styles and techniques. The paintings capture the ambiance of the late 19th century as well as the intimacy of the painter's circle of family and friends.

NEW YORK

Metropolitan Museum of Art, tel: (1) 212-570-3791, closed Mondays. To Jan. 25: "John La Farge in The Metropolitan Museum of Art." Paintings, drawings, watercolors, prints and stained glass windows by the American artist (1835-1910). Also, to Feb. 8: "Jackson Pollock: Sketchbooks and Drawings." Pollock (1912-1956) is one of the best known of the American Expressionist painters. The exhibition features three early sketchbooks, ranging from the mid-1930s to 1940 as well as a selection of drawings.

Museum of Modern Art, tel: (212) 708-9400, closed Wednesdays. Jan. 4: "Egon Schiele: The Leopold Collection, Vienna." Approximately 150 of the Austrian Expressionist's oils, gouaches, drawings and watercolors created between 1905 and 1918, the year of his death at age 28. Schiele's portraits, allegorical compositions and landscapes are a reflection of Vienna's intellectual and psychoanalytic thought.

CLOSING SOON

Oct. 26: "The Pursuit of Beauty: Five Centuries of Body Adornment in Britain." **National Portrait Gallery, London.**

Oct. 26: "A Collecting Odyssey: Indian, Himalayan, and Southeast Asian Art from the James and Marilynn Alsdorf Collection." **Art Institute, Chicago.**

Oct. 30: "Chagall et l'Ecole de Paris." **Petit Palais, Geneva.**

Oct. 31: "Un Regard Amercain sur Paris." **Musee d'Art Americain, Giverny.**

Oct. 31: "The Franks: Precursors of Europe." **Kulturforum, Tiergarten, Berlin.**

RECORDINGS

Hats Off to Soulful Lee Konitz

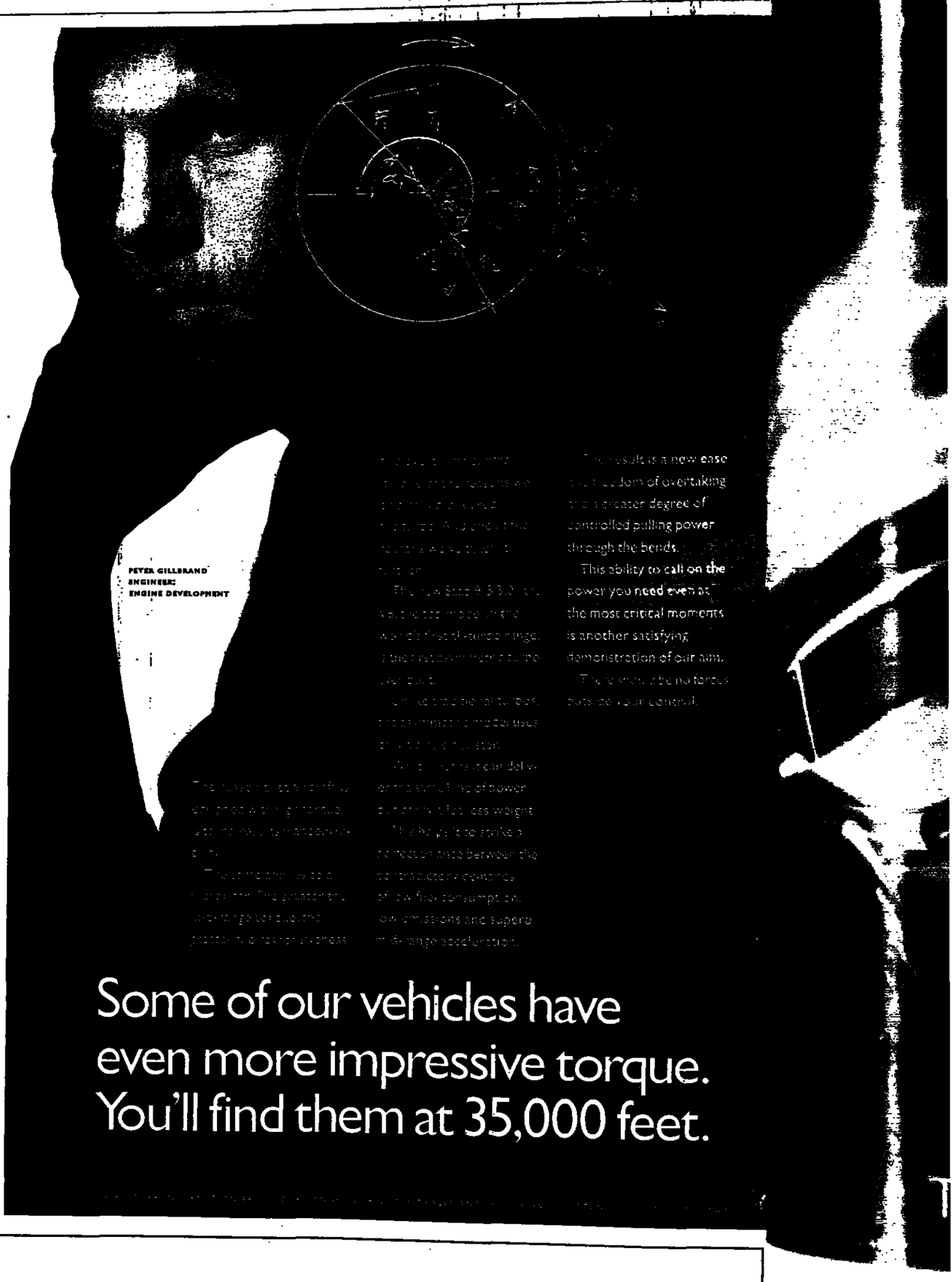
• **LEE KONITZ** "DiG DuG DoG" (Columbia): Hats off to "Subconscious Lee" (the name of an early album), who turned 70 last week. The name fits. He wears a soulful shroud. Remindful of Stan Getz, Chet Baker and Paul Desmond, all deceased, he is perhaps the only original white sound remaining from the formative years. Konitz came out of Lennie Tristano, Claude Thornhill and Miles Davis ("Birth of the Cool") in the '40s, and Stan Kenton in the '50s. Recently, he's been mostly under his own flag, mostly abroad, often with locals, sometimes in duo and even solo. This album was recorded live in Tokyo with the French pianist Laurent de Wilde and the purry Japanese singer Keiko Lee.

• **DIANA KRALL** "Love Scenes" (Impulse!): Call her "post-Sinatra." Krall's pronunciation, intonation, material and her programmed growl all add up. And then there's the sassy swing of clean accompaniment (Russell Malone, guitar, Christian McBride, bass) without undue intellectual demands. If Sinatra was young at heart today, he'd resemble this. Check out "All or Nothing At All."

• **JACO PASTORIUS** "Raca" (Big World): Volume 5 of the series "Live In New York" proves that Pastorius was not yet bonkers when he called himself "the best electric bass player in the world." Only he used to omit "electric." Jaco, bless him, always went too far.

Mike Zwerin/IHT

Lee Konitz's new album is "DiG, DuG, DoG."



BOOKS

HEMINGWAY AND HIS CONSPIRATORS: Hollywood, Scribners and the Making of American Celebrity Culture

By Leonard J. Leff. 255 pages. $29.95. Rowman & Littlefield.

Reviewed by Carolyn See

LEONARD Leff takes as his subject Ernest Hemingway from 1923 to 1933. He looks at the still-young author's publications during that decade: "In Our Time" (those first, perfect short stories); "The Torrents of Spring"; "The Sun Also Rises"; "Men Without Women"; "A Farewell to Arms"; "Death in the Afternoon" and "Winner Take Nothing."

Leff's thesis is that the authentic Hemingway — the testy, morose, madly talented young writer — was co-opted, corrupted and destroyed by a burgeoning American celebrity culture that chipped away at his sense of self, catering to his shameful longings for attention and fame. By the end of his first 10 years as a published writer, there were two personae to be reckoned with: the "author," who did the work, and the "Author," who had studio portraits taken of himself for publicity, who gave interviews to journalists on steamships, who had more pictures of himself taken next to marlin that he'd caught and bulls he was chummy with and so on. The gadabout celebrity ended up killing off the authentic writer, Leff contends, and he goes so far as to suggest that this personality split was the prime reason for Hemingway's suicide in 1961.

So much has been written about Hemingway that the reader's first impulse here is to balk at reading more. Don't we already know that too much celebrity made the older Hemingway a jerk? Isn't he passé, a cliché, out of style and so on?

Except this turns out to be an absolutely fascinating book, especially if you're interested in publishing, or ever wanted to write, or find yourself currently in that notoriously tortured profession. The narrative is full of information about pitiful print runs and lying editors and desperately bumbling ploys to sell books and the layers and layers of artifacts that surround the whole thorny, nutty conundrum that has to do with "selling out," whatever that is, and losing your "integrity," whatever that is.

We think of Fitzgerald as an essentially jazz-age author, writing, as he did, in the '20s, but so did Hemingway, coming into the business when the American public had money to spend and enough education to want to buy books. Literature was slipping away from the grip of the happy few. Publishers Weekly, the industry's trade magazine, was advised by the movie industry that bookstores should become "cultural and recreational trade marts," and that the book industry should lay aside its traditional dignity. It did, partly, and that led to the contemporary split between the fiercely exclusive intellectual way of looking at literature, and all the other ways, as people who came down from the mountain of art promptly got lost on the great plains of celebrity, ethnicity, postmodernism and directionless glitz.

At Scribners, the legendary Max Perkins pushed Fitzgerald as a jazz-age writer and sold Hemingway by way of "the masculine idea." Well, Perkins had to do something, and it worked during the '20s. But human beings don't do very well at being bought and sold. Actors choose that way of life, but authors — often — have fragile brains. You can catch a 600-pound marlin or fight a genuine bull, but that doesn't mean you can withstand reading news releases about yourself doing those things.

Hemingway got tweaked by the system. By 1933, the author suggests, it was pretty much over for him as an artist. He had been buffeted and splintered and hardly knew who he was. There are other ways to look at it, of course — it wasn't publicity and celebrity that tore at him but money-and-marriage concerns, too many wives and kids, and that mother of his, all of whom he had to support. Or it was the war. Or it was his father's clinical depression.

But the subtext here is even more sad and frightening. Maybe it wasn't the celebrity culture but the demands of being a writer that wrecked Hemingway's talent and peace of mind. The details of the business, as it drove him to baffled rage and helpless irrationality, are absolutely frightening.

THOSE print runs, the advertising or its lack, the worry about publishing short stories in low-prestige slick magazines that paid or high-prestige quarterlies that didn't, the competition with other writers, the bitchy, persnickety reviews, the weaselly half-truths that float over the whole enterprise — all of this tortured Hemingway. He was a swaggering, bumptious, misogynistic anti-Semite, as these pages amply show. But he was also a writer absolutely dedicated to telling his own truth and he went through hell to do it.

The '30s came, and the bottom fell out. The book market went kablooey. In 1933 "Winner Take Nothing" came out with a print run of 20,300. There was no second edition. So much for celebrity and its dubious rewards.

Washington Post Service

BRIDGE

By Alan Truscott

TWO world championships, the Bermuda Bowl for Open Teams and the Venice Cup for Women's Teams, begin this weekend in Hammamet, Tunisia.

In last year's world championship, played on Rhodes, France captured the Olympiad Open Teams title. Those semifinals produced two exciting matches.

France began the last session trailing by 21 imps against Taiwan, but then surged to a 19-imp victory, thanks in considerable part to the diagramed deal.

Christian Mari, the French South, found himself in five diamonds doubled after removing his partner's negative double of four hearts. His four no-trump bid asked his partner to select a minor suit. If West had led his singleton spade he could have defeated the contract by force, since the heart jack in the East hand can be an entry to supply a spade ruff.

But West led the heart ace, cutting a vital line of communication for the defense. He shifted to his spade, but it was too late. South won with the king and led the diamond ten. He guessed right by finessing when West played low, another diamond forced the ace. West led a second high heart, and South ruffed and drew the missing trump.

Now Mari did not need the club finesse. Since the length in both black suits, was sure to be on his right, he cashed his top clubs and played all his remaining trumps to squeeze East. In this way he would have made his doubled game if West had held a doubleton club queen.

In the replay, the bidding began the same way, but the double of four hearts had a more punitive flavor. South passed, and again the result hinged on the opening lead.

A trump lead, with another trump to follow, would have succeeded since West cannot maneuver two diamond ruffs. A club lead with a quick trump shift will also allow the defense to prevail. But North led a diamond, and West gratefully won, ruffed a diamond and drew trumps to make his contract.

The French thus scored a doubled game in each room. But different leads could have defeated both contracts, and caused the French to lose 5 imps. And eventually the match by 1 imp.

NORTH (D)
♠ A Q 8 6 4
♡ 8 6
◇ K 6 4
♣ J 10 7

WEST
♠ 2
♡ A K Q 10 9 5 3
◇ A Q 3
♣ 9 8

EAST
♠ J 10 9 5 3
♡ J 4 2
◇ 8
♣ Q 5 3 2

SOUTH
♠ K 7
♡ 7
◇ J 10 9 7 5 2
♣ A K 6 4

Neither side was vulnerable. The bidding:

North	East	South	West
Pass	Pass	1 ◇	4 ♡
Dbl.	Pass	4 N.T.	Pass
5 ◇	Pass	Pass	Dbl.
Pass	Pass	Pass	

West led the heart ace

A wide variety of weekly features

MONDAY

◆ **Monday Sports:**
Full weekend results of all major international sporting events.

◆ **Capital Markets:**
Carl Gewirtz, Europe's most respected Euro-market analyst, forecasts developments in the foreign exchange markets.

◆ **Cyberscape:**
Up-to-date developments on Internet and network communications.

TUESDAY

◆ **Style:**
Suzy Menkes reports on the world of fashion, lifestyle issues and creative design.

◆ **International Stock Markets:**
An analysis of global investment strategies.

◆ **Thinking Ahead:**
Reginald Dale sets the world's economic agenda.

WEDNESDAY

◆ **Stage/Entertainment:**
London and New York theater, opera, concerts, pop music, jazz, along with book and movie reviews, this section details entertainment options all over the world.

◆ **Media Markets:**
Global developments in marketing, advertising and media.

THURSDAY

◆ **Health/Science:**
From technology to space exploration, from recent medical discoveries to how the human brain functions, this page provides up-to-date information on new scientific developments.

◆ **International Manager:**
Creative solutions to cross-border management challenges.

FRIDAY

◆ **Leisure:**
Travel deals, art exhibits, restaurant reviews, movie guides and more. A weekly guide to your leisure time, regardless of where in the world you may be travelling.

◆ **Wall Street Watch:**
Analysis of developments in the American market from a sophisticated international perspective.

SATURDAY

◆ **Art:**
Souren Melikian's world-renowned coverage of the world's art marketplace.

◆ **Economic Scene:**
An overview of forces reshaping the world economy.

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Herald International Tribune
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST
THE WORLD'S DAILY NEWSPAPER

UN Rebuffs U.S. on New Iraqi Curbs

By Barbara Crossette
New York Times Service

UNITED NATIONS, New York — The United States has lost its battle to impose new sanctions on Iraq and settled for a Security Council resolution that would keep only a strong threat of added restrictions.

Opposed by France, Russia, China, Egypt and Kenya, the United States and Britain had to draw back both from a plan to impose an immediate international travel ban on senior Iraqi military and intelligence officials and from an alternative proposal to put the ban into effect automatically in six months if Iraq continued to obstruct efforts to destroy its major weapons systems.

Instead, a day of negotiating Wednesday among Security Council members produced a resolution that expresses the Security Council's "firm intention" to order the travel ban in April if Iraq does not meet its obligations.

The resolution also condemns Iraq for barring access to weapons sites, endangering the lives of inspectors and removing or destroying documents.

The resolution calls for a list of Iraqi officials who would be subject to a travel ban to be drawn up in the interim.

Bill Richardson, the U.S. representative, said he was satisfied with the resolution because it had broad support. Nine council members sponsored the measure.

More than six years after the Gulf War, UN inspectors have yet to certify that Iraq has no more weapons of mass destruction or the factories and laboratories to build them.

The delay has been caused by Iraq's lack of cooperation.

Inspectors have been told so many conflicting and false stories over the years that Iraq's credibility is now exceedingly low.

The country has been under a crippling economic embargo since its invasion of Kuwait in August 1990.

The United States and Britain, which have held the line against all efforts to weaken those sanctions, decided to try to impose the additional measures after Iraqi officials blocked arms inspections earlier this year and interfered with aircraft, putting inspectors at risk.

The Security Council decided in June to agree to the travel ban but to postpone putting it into effect until the fall. In September the Iraqis again interfered with inspections, while submitting a report declaring that all prohibited weapons had been destroyed.

Richard Butler, the chief monitor of the Iraqi arms program, concluded that the report was not credible.

Failing to have sanctions imposed now, the Clinton administration hoped to have them applied automatically in April, when Mr. Butler's next major report is due, unless Iraq had made substantial progress in accounting for its arms.

France and Russia said that this put too much responsibility on Mr. Butler and left too little room for the Security Council to debate the issue.

Marty Lederhandler/The Associated Press

Bill Richardson, the U.S. representative at the UN, discussing the Security Council's refusal to impose new sanctions on Iraq immediately.

After Libya, Mandela Ponders A Trip to Cuba, Possibly in '98

Compiled by Our Staff From Dispatches

PRETORIA — President Nelson Mandela may follow his controversial visit to Libya with a tour of Cuba despite expected U.S. outrage, South African sources said Thursday.

"It would be logical that if the visit were to go ahead it would be before Mandela steps down as president" in 1999, a diplomat said, adding that time for a trip by the South African leader would not be available before February.

A presidential spokesman, Parks Mankahlana, said Mr. Mandela had "many friends" to visit and had not made plans to visit Cuba soon.

If the United States were to oppose such a visit, "that would be their problem," he added.

In comments directed at the United States for questioning his visit to Libya, which is under partial United Nations sanctions because of associations with terrorism, Mr. Mandela said, "No country can dictate to the others what should be done. Those who object to my visiting Libya have no morals, and I will not join them because I have morals," he said in the Libyan capital, Tripoli, on Wednesday soon after arriving on a two-day visit, the Hayat newspaper reported.

"A politician must not lose his morals and should be ready for suffering, and this is the reason that made me remain 27 years in prison," he said, referring to his imprisonment by South Africa's apartheid government until 1990.

The spokesman for South Africa's Foreign Ministry, Marco Boni, confirmed that Cuban authorities had invited Mr. Mandela to visit but said no decision had been made. Mr. Boni said South Africa had not sent a diplomatic advance party to Cuba, an action that usually precedes any state visit by Mr. Mandela by about four months.

The president concluded talks with Colonel Moammar Gadhafi, the Libyan leader, on Thursday and then went to Tunisia. *(AFP, AP)*

Moi Curbs Police Disruption of His Rivals

The Associated Press

NAIROBI — President Daniel arap Moi has ordered the police to stop disrupting peaceful opposition rallies, the governing party's newspaper reported Thursday.

"Democracy can only thrive in an atmosphere where everyone had a chance to air their views," Mr. Moi told supporters of his Kenya African National Union party Wednesday, the Kenya Times said.

His order to the police and local officials came the same day the U.S. State Department deplored the continuing refusal of his government to permit Kenyans to assemble freely.

Since May, the police have routinely used violence to break up meetings organized by opposition parties and other groups calling for democratic reforms before elections this year.

More than a dozen people were killed in police crackdowns in July and August. On Sunday and Monday, the police used tear gas and clubs to disperse two opposition meetings north of Nairobi.

In Washington, the State Department spokesman, James Rubin, said the decisions to break up the weekend rallies had "run counter to the very democratic reforms the government has recently embraced."

Mr. Moi gave no explanation for his new order to the police, but aid-donor nations have pressed the government to refrain from the use of force, to register all political parties and to permit all of Kenya's 21 registered political parties to campaign freely.

Mr. Moi, 74, has been president for 19 years and is seeking a fifth five-year term. Elections have not been scheduled yet, but they must be held by year-end.

Victor Returns to Brazzaville and Appeals for Aid

The Associated Press

BRAZZAVILLE, Republic of Congo — General Denis Sassou-Nguesso, the victor in the country's four-month civil war, returned Thursday to the capital that his troops helped destroy and asked the world's help in rebuilding it.

In a refrain heard often in this region, where armed force has driven three leaders from power in the past five months, General Sassou-Nguesso said it was up to the people of the Republic of Congo and the international community to join in restoring the country to normalcy.

"We fought the enemy and we have won," he said. "The criminals fled. Now we have to get Brazzaville back on its feet."

"Congo must become what it used to be," General Sassou-Nguesso told thousands of supporters after arriving in the rain-soaked city in a 60-car convoy of new Mercedes-Benzes and other vehicles seized from his predecessor's government.

The general, who first led the country as a military dictator from 1979 to 1991, spoke from the damaged remains of his residence in Brazzaville, where his war with President Pascal Lissouba broke out on June 5.

Fighting started when Mr. Lissouba, who defeated General Sassou-Nguesso in the country's first multiparty election in 1992, tried to disarm the general's private militia before presidential elections that had been planned for July. Both men were to have been candidates.

Mr. Lissouba has gone into exile in Burkina Faso but has yet to concede military defeat.

Angolan forces, trying to counter Mr. Lissouba's support for Angolan rebel groups, played a major role in the general's military victory and have been seen in Brazzaville and the county's second-largest city, Pointe Noire, since the members of the general's Cobra militia seized the two cities last week.

General Sassou-Nguesso's return to Brazzaville was relatively low-key, a sign of his aides' security concerns. There was no parade. He is to be inaugurated president Saturday at the parliamentary palace, where Red Cross workers this week were clearing away corpses in preparation for the event.

BRIEFLY

Palestinians Fault U.S. Peace Envoy

GAZA — Contradicting upbeat assessments by Israel and the United States, the Palestinians said the latest peace initiative by the U.S. Mideast envoy, Dennis Ross, had produced no results.

"No progress has been achieved during this round of talks with the Israelis," Information Minister Yasser Abed Rabbo said after a cabinet meeting Wednesday night.

"We feel that Ross was more interested in saving the Doha economic conference than in saving the peace process," he said, referring to the upcoming Mideast economic conference in Qatar. *(AP)*

Tutu's Panel Issues Reparations Plan

CAPE TOWN — Some victims of human rights abuses during apartheid would get at least 17,000 rand a year for six years under a reparations plan proposed Thursday by the Truth and Reconciliation Commission.

That is the equivalent of $3,640 a year. But the panel, which is investigating political crimes during more than three decades of apartheid rule, said no amount of money could make up for the evils of the past.

"None of us labor under any illusions," said the chairman of the commission, Archbishop Desmond Tutu. "You cannot put a monetary value to a person's suffering."

The commission expects about 22,000 people to qualify for the payments. *(AP)*

20,000 Brazilians Flee Heavy Floods

BRASILIA — At least 20,000 people have been left homeless by heavy flooding that devastated towns and cities in southern Brazil, the authorities said.

Civil Defense officials said the situation was worst in the state of Rio Grande do Sul, where the Uruguay River broke its banks and flooded the homes of about 15,000 people.

In neighboring Santa Catarina state, at least 590 families were evacuated, while in Parana 8,000 people had to be rescued. *(Reuters)*

Is Mars Rover Lost?

LOS ANGELES — With temperatures on the red planet dipping to 58 degrees below zero Fahrenheit (minus 50 centigrade), the Mars Pathfinder radio transmitter probably cannot operate properly, according to scientists who are trying to regain communication with the spacecraft.

The lander has not been heard from since Oct. 7.

"It's possible it's driving around and keeps calling home and there's no answer," said Brian Muirhead of the Jet Propulsion Laboratory in Pasadena, California. *(AP)*

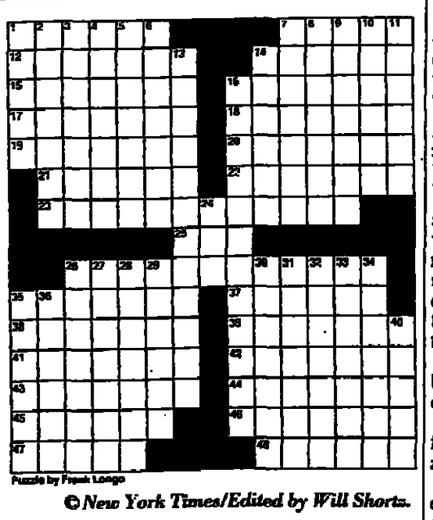
CROSSWORD

ACROSS

1 Woodworking tool
7 Come to an end
12 Shortens a sentence, perhaps
14 Dreadful
15 Lose control at a buffet
16 Forbes alternative
17 Clarion blast
18 She helped Theseus escape the Labyrinth
19 One in the arms of Morpheus
20 Monster slain by Beowulf
21 Like italics
22 Teriyaki spices
23 Close call
25 Andy Capp's wife, often
26 Acquiescence
35 Like fans
37 Work on text together
38 Haiku relative
39 Tint, e.g.
41 It's full of rye, in rhyme
42 Silver: Prefix
43 Tooth tissue
44 Cry of achievement
45 Put right?
46 Father of Fauvism
47 They follow Shebats
48 Convictions

DOWN

1 Ocelot features
2 One of over 2,000,000 Cubans
3 Gritty
4 San Diego's founder Gaspar de ——
5 Aaron's son and successor as high priest
6 Target of a swift kick
7 China and environs, to the French
8 Systematize
9 Cowboy on a cattle drive, e.g.
10 Preacher's pursuit
11 Detroit duds
13 Where Whirlaway waited
14 "The Abyss" star, 1989
16 Carousel locale
24 Japanese surname suffix
26 Rival of Montel
27 Raiser
28 Birds related to the goldfinch
29 Focused
30 Habitually humiliated one
31 Notorious *London prison*
32 Added just before time ran out
33 Like Simone Martini's art
34 Oligarchy proponent
35 "Evangeline" setting
36 Bank
40 Matrimony, bar mitzvah, etc.



Puzzle by Frank Longo

Solution to Puzzle of Oct. 23

B	O	R	G	E		M	A	M	A		M	A	Z	E
A	R	I	E	S		A	Z	A	N		O	B	O	E
M	A	T	T	E	R	H	O	R	N		N	E	O	N
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		M	O	N	T	I	C	E	L	L	O			
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Y	I	R	E	O		G	O	A			E	A	T	
E	T	E	R	N	A	L	T	R	I	A	N	G	L	E
R	E	N			M	O	C	K		S	U	I	T	E
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P	R	O	D		W	H	O	M		A	N	D	E	S

© *New York Times/Edited by Will Shorts.*

GREENHOUSE: *Allies Scorn U.S. Plan*

Continued from Page 1

With prices about a fourth that level in the United States, the global warming controversy has convinced many foreigners that Americans are not just wasteful gas guzzlers but also a menace to the rest of the earth.

Administration officials sought to portray the Clinton plan as a balanced formula to accommodate the anxieties of industry and environmentalists alike.

But the governments in Europe, Japan and the developing world say the plan is woefully inadequate for a nation that represents 4 percent of the world's population and produces 25 percent of the carbon dioxide and other gases that ultimately may provoke a disastrous rise in the earth's temperature.

Greenhouse gases come mostly from burning fossil fuels that serve as primary energy sources, such as coal and oil.

The gases emulate a greenhouse effect by trapping the earth's heat in the atmosphere and raising temperatures.

Scientists say this warming effect will elevate sea levels by melting polar ice caps and cause drastic shifts in weather patterns, provoking floods in some areas and drought in others.

President Clinton's plan was unveiled as delegates from 150 nations gathered in Bonn trying to narrow differences on a global warming treaty ahead of the final round of negotiations in Kyoto.

The talks in Bonn will focus on two primary goals: where to set targets for industrialized nations in curbing greenhouse gases and how to find a formula that would encourage developing countries to reduce emissions of their own over the next two decades.

Developing nations, led by China, Brazil and India, object to any restrictions on their emissions because they argue these measures will hinder their economic growth.

They insist that developed nations should bear the brunt of any sacrifice because their industrial economies have largely spawned the global warming threat through the rampant burning of fossil fuels.

Europe and Japan have accepted that argument's premise and proposed binding reductions below 1990 levels that are more ambitious than the goals of the Clinton administration.

The 15 European Union nations have embraced a goal of reducing emissions by 15 percent below 1990 levels by the year 2010, while Japan is proposing a 5 percent cut by the year 2012.

Four years ago, Mr. Clinton vowed to return to 1990 levels by the end of the decade. But administration officials say he was forced to break his promise because an unexpected boom in the U.S. economy has accelerated pollution.

At current growth rates, greenhouse gases will rise 13 percent above 1990 levels by the end of the decade. They rose 3.4 percent in the past year alone.

Junichi Ueno, Dies; Newspaper Scion

New York Times Service

TOKYO — Junichi Ueno, 87, co-owner of Japan's second-largest daily newspaper, the Asahi Shimbun, died of pneumonia at a Tokyo hospital on Oct. 19.

Mr. Ueno represented the third generation of the family that, with Michiko Murayama, owns the newspaper and its subsidiary businesses, which include television and satellite broadcasting.

He joined the newspaper in 1937 after graduating from Kyoto University with a degree in economics and held several different posts, including serving as a member of the executive board during World War II. After Japan's defeat in 1945, he resigned along with several other executives who took responsibility for one-sided reporting during the war.

He then briefly worked as an elementary school teacher and later took a position at the Kobe University of Commerce. After that, he served as secretary to Kotaro Tanaka, who was then chief justice of the Supreme Court of Japan.

But in 1952, Mr. Ueno returned to the Asahi as the head of its newly established employee training center. He inherited his family's portion of the media company's ownership in 1970 when his father died, and was a board member until 1994.

Mr. Ueno was also known for his support of the Ueno Memorial Foundation, a research institution devoted to studying Buddhist art and culture.

NYSE

Thursday's 4 P.M. Close

The 2,600 most traded stocks of the day.
Nationwide prices not reflecting late trades elsewhere.
The Associated Press.

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International Herald Tribune
BUSINESS/FINANCE

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Dunlap Puts Sunbeam on Market

Despite Strong Sales, He Says He'll Consider Any Offer

Compiled by Our Staff From Dispatches

DELRAY BEACH, Florida — A year into his makeover of Sunbeam Corp., chairman Al Dunlap effectively put the home-appliance maker up for sale Thursday.

Sunbeam hired an investment banker and Mr. Dunlap said he would consider "any and all types of transactions."

Mr. Dunlap, who earned the nickname "Chainsaw Al" by making deep cuts at other companies, put Sunbeam in play a day after issuing a quarterly report reflecting strong sales boosted by new products and distribution lines.

He announced that Sunbeam had retained Morgan Stanley & Co. to advise the company on its options.

"I have always been a strong proponent of maximizing shareholder value at Sunbeam as well as at the other companies which I have headed," Mr. Dunlap said.

"We are doing what any similarly situated company should do, which is to explore all alternatives," including acquisitions, mergers or sale.

In late dealings on the New York Stock Exchange, Sunbeam gained 87½ cents a share to $49.25 despite a sharp drop in the overall market.

A sale or breakup had been anticipated almost from the day Mr. Dunlap walked in the door 15 months ago.

He slashed half of the company's 12,000 jobs nearly a year ago and unloaded 87 percent of a 5,000-item product lineup to focus on the Sunbeam and Oster lines.

Just before landing at Sunbeam, Mr. Dunlap turned the stodgy, undervalued Scott Paper Co. into a profitable plum that was swallowed by the competing Kimberly-Clark Corp.

'Chainsaw Al' is famous for making deep cuts in companies.

He did the same earlier at Lily-Tulip Inc., a paper-cup maker that went on to merge with Fort Howard Paper Co., and at Consolidated Press Holdings Ltd., an Australian television and magazine empire.

In the third quarter, Sunbeam said Wednesday it earned $34.5 million, or 39 cents a share, in contrast to a loss of $18.1 million, or 22 cents a share, in the same quarter a year ago.

Revenue was up 25 percent, to $289 million from $232 million.

For the first nine months, profits climbed to $67.7 million, or 77 cents a share, from $6.5 million, or 8 cents a share, a year earlier. Sales rose 16 percent to $830 million from $715 million.

Analysts said they considered a sale of Sunbeam unlikely.

Sunbeam's stock price, which has quadrupled in 15 months, gives Dunlap the currency to make acquisitions that would bolster earnings.

"The conversation around the stock has moved from, 'When is Sunbeam bought?' to 'Who do these guys buy?'" said Justin Maurer, an analyst at McDonald & Co. Investments.

Mr. Dunlap said the company also retained Llama Co. and its president, Alice Walton, daughter of the Wal-Mart Stores Inc. founder, Sam Walton, as an adviser to Morgan Stanley.

Mr. Dunlap's restructuring was aimed at turning the Sunbeam operation from an unprofitable hodgepodge of household goods such as thermometers, furniture and toasters into a leaner company focused on a few more certain, highly profitable areas. *(AP, Bloomberg)*

Traders at the Paris Bourse watching screens Thursday as French stock prices slumped, losing 3.42 percent.

Hong Kong Drop Chills Europe

Frankfurt Shares Fall 4.66%, With Other Bourses Close Behind

By Tom Buerkle
International Herald Tribune

LONDON — The plunge in Hong Kong stocks sent a chill across Europe on Thursday, sending stock prices tumbling in all major European markets and raising some fears of a blow to confidence that could curtail the Continent's economic recovery.

"Clearly there is some contagion going on," said Tim O'Dell, international investment strategist at UBS Securities here. The 10 percent drop in the Hong Kong market "is exporting a deflationary impulse to other markets."

Major stock indexes in London, Paris and Frankfurt fell more than 3 percent on the day. Trading was not particularly heavy, however, and most analysts said the declines reflected the vulnerability of those markets to negative sentiment emanating from Asia rather than any direct economic consequence. A drop in interest rates as funds flowed into bonds from stocks also should help cushion the European economy from any stock-market effect, analysts said.

As in the United States, investors have grown nervous in recent weeks over the level of European stock prices, which have risen by 30 percent to 50 percent this year. Those nerves were accentuated two weeks ago by the pan-European rise in interest rates triggered by the German Bundesbank. And the memory of the 1987 global stock market crash has loomed larger in the minds of dealers and investors here with every downward spiral in the Asian markets.

"It's an almost inevitable reaction," said Phillip May, head of pension funds at Prudential Portfolio Managers here.

The Hong Kong selloff "provided people the reason they've been looking for to take some profits," said Mark Cliffe, chief economist at HSBC Midland. "There's been a lot of talk about the previous market collapse. There's been a lot of talk about the markets being overvalued."

In London, the Fiancial Times-Stock Exchange 100-share index plunged 200 points in the first few minutes of trading, then weaved moderately throughout the day before closing down 157.3 points, or 3.06 percent, at 4,991.5.

Germany's DAX index fell 194.19 points, or 4.66 percent, to 3,977.26, and the CAC-40 index of French stocks dropped 101.19 points, or 3.42 percent, to 2,856.87. Most other European indexes fell by more than 2 percent.

The London market was depressed by big falls in two stocks with major Hong Kong operations. HSBC Holdings, the second-largest stock by market value, plunged 176 pence, or more than 10 percent, to £15.06. Cable & Wireless, which owns 54 percent of the Hong Kong telephone company, fell 30 pence to 475 pence.

In Paris, luxury goods companies that sell heavily in Asia took the biggest hit, with shares in LVMH Moet Hennessy Louis Vuitton falling 72 francs, or 6.7 percent, to 1,034 francs.

Overall, though, the European economy should be relatively insulated from

See RIPPLE, Page 19

WALL STREET WATCH

Behind the Scenes on Analyst's Stance

By Edward Wyatt
New York Times Service

NEW YORK — In the three years since he left Fidelity Investments, David O'Leary of Alpha Equity Research has made himself the mutual fund giant's most strident critic.

From an office in Portsmouth, New Hampshire, Mr. O'Leary issues daily critiques on the performance of Fidelity funds and their managers. The tone of his observations, issued via fax, is often far from subtle; earlier this year, when Fidelity was suffering from poor investment returns and the defection of managers, Mr. O'Leary called Fidelity "the Drexel Burnham of the 1990s."

So it stood out noticeably when Mr. O'Leary suddenly softened his manner in July, noting that Fidelity, a unit of the FMR Corp., had "clearly improved" and "may begin to outperform the market."

Mr. O'Leary did not disclose, however, that as he was publicly praising Fidelity he was also privately negotiating with it for permission to sell his research and investment recommendations to customers of Fidelity's discount brokerage firm.

When Fidelity turned down Mr. O'Leary's proposal this month, he again sharpened his blades. In a letter sent last week to Robert Hussey, a vice president in Fidelity's retail brokerage group, he said he would seek to sell his research to customers of Charles Schwab, Jack White, Quick & Reilly and other discount brokers. That research "may be more valuable to use in competition with you," he added.

Fidelity said that it had decided not to distribute Mr. O'Leary's research because it saw no benefit for its clients in doing so. "We already offer a suite of research products to our customers," Robyn Tice, a spokeswoman for Fidelity, said. "This didn't fit into the model of what our customers are asking for."

After the decision, Mr. O'Leary's research resumed its former tone. On Tuesday, he issued a release that asked rhetorically, "Why bother with actively managed Fidelity funds," which, he said, are too big to outperform the index funds of another mutual fund giant, the Vanguard Group.

Mr. O'Leary said in an interview Wednesday that "there is more coincidence than correlation" in the concurrence of circumstances — but a little of both.

"I'm a numbers guy, and last summer the performance improved significantly and they stopped losing people," he said. "But I'm a human being. I'm sure I reacted by being a little softer because I was talking with part of the company."

Mr. O'Leary said he did not believe that he should have disclosed the negotiations to the institutional investors — including, he says, 18 of the top 20 mutual fund companies — that he says each pay $15,000 to $24,000 annually for his research.

His situation serves as a reminder that financial analysts often face conflicts of interest. However, many firms choose to disclose that one hand might be working in opposition to the other.

Eric Kobren publishes two newsletters that advise investors on which funds to buy or sell, including one that focuses exclusively on Fidelity funds; he also manages $1 billion in assets, much of which is invested in Fidelity funds.

Mr. Kobren said that unlike recommendations of individual stocks, advice on fund investing presents fewer potential conflicts, because one recommendation rarely affects the value of a diversified fund. And regarding Fidelity, he said, "I don't go easy on them."

In contrast, Mr. O'Leary contends that his recommendations about what stocks Fidelity fund managers are buying and selling allow investors to "front-run the funds," buying stocks while Fidelity is still building a position. And his easy availability and pointed comments have made Mr. O'Leary something of a darling with the financial press.

Mr. O'Leary's sources within Fidelity have allowed him to forecast some major management shake-ups. But his analysis of Fidelity fund portfolios has sometimes been wrong. In mid-June 1996, he said that Robert Stansky, manager of the Magellan fund would sell its $10 billion in bonds by the end of the month. The bulk of them were not sold until late last year.

U.S. Carmakers Face Troubled Future

By Warren Brown
Washington Post Service

WASHINGTON — Behind the U.S. auto industry's impressive third-quarter profits — a total of $3.2 billion — are some troubling realities:

The money came mostly from cost-cutting and from truck sales; cutting costs reduced the profits of some of the automakers' own subsidiaries that are among its suppliers; and although sales of light trucks — meaning vans, minivans, pickups and sport-utility models — were strong, the benefits were not spread evenly across the industry. In fact, some analysts say sales, especially of sport-utility vehicles, could decline soon.

"The sales growth of sport-utility models is driven by one thing and one thing only: Sport-utility vehicles are cool, trendy," said Christopher Cedergren, managing director of Nextrend, a division of Maritz Marketing Research Inc. "But trends change."

Cost-cutting, however, is more of a necessity than a trend. Consumers are allergic to frequent price increases. Their spending falls as prices rise, especially if the price increases outstrip gains in household income.

As a result, automakers have been trying to keep the lid on prices, as evidenced by their collective reluctance to raise prices on many 1998-model cars and trucks.

To help hold down prices, car companies are squeezing production costs, which means putting pressure on component manufacturers such as Delphi Automotive Systems, a division of General Motors Corp.

Delphi's third-quarter earnings plunged to $55 million from $238 million, largely because of cost-cutting at GM but also because of start-up costs associated with development and manufacture of new components.

"We know that we can't get much price out in the market, so we have to get better earnings through cost reductions," said J. Michael Losh, GM's executive vice president and chief financial officer. "We're looking at reducing our component costs with all of our suppliers, including Delphi."

That does not mean GM is tossing Delphi to the wolves, Mr. Losh said. But Delphi must continue developing clients outside GM to ensure its long-term profitability, he said.

GM reported overall earnings of $1.1 billion for the quarter, a strong performance for what is traditionally the weakest quarter for automakers. Cost-cutting gains and improved sales of GM minivans such as the Chevrolet Venture (up 112 percent so far this year) were evident in the earnings of GM's North American operations.

Once a trouble spot in GM's empire, the North American operations in the third quarter posted a profit of $423 million, up from $26 million a year earlier.

The gain more than offset the earnings decline at Delphi, said David Bradley, an analyst with J.P. Morgan & Co. in New York. And GM can continue doing well in North America as long as the company keeps trimming costs and the light-truck market holds up, Mr. Bradley said.

But trucks are a big "if," Mr. Cedergren said. Chrysler Corp. illustrates what can happen to an automaker with a truck-dependent strategy, they said.

Chrysler reported third-quarter earnings of $441 million, down 35 percent from the like period in 1996. Analysts traced the problem to declining sales of Chrysler's midsize Jeep Grand Cherokee sport-utility vehicle as well as a drop in sales of the company's mainstay minivans and Dodge Ram pickup trucks.

See CARS, Page 16

Telebras to Be Split Into 13 Companies

Bloomberg News

BRASILIA — Brazil will split its telephone monopoly Telecomunicacoes Brasileiras SA into 13 companies, the government said Thursday, paving the way for competition and asset sales the government hopes will raise $30 billion.

The government divided the company, known as Telebras, into nine wireless units and three fixed-line operators. Each of the new companies will serve a geographic region. Telebras will also sell Empresa Brasileira de Telecomunicacoes SA, a wholly owned unit that carries international and long distance traffic.

"We have divided the companies to meet the development policies of the government," said Communications Minister Sergio Motta. "Our aim is to reduce regional imbalances."

The reorganization is to Brazil what the 1984 breakup of American Telephone & Telegraph Co. was to the United States: a change that encouraged modernization by opening up the industry to competition. Costs for long-distance calls in the United States have since fallen about 60 percent.

The government of Brazil — where there are just 9 telephones per 100 inhabitants, compared with 55 per 100 in the United States — recognizes that the high costs and poor quality of existing telephone service is a serious impediment to economic growth.

Mr. Motta said the bidding rules for selling the new telephone companies could be released by April. Foreign investors will be restricted to acquiring no more than 49 percent of each of the companies, he said.

Management for the new companies will be in place by Nov. 30, he said.

Within three to five years, the new companies will be free to compete in any area of telecommunications, and regional boundaries will be lifted. Prices will still be regulated.

The state of Sao Paulo and its local Telebras subsidiary, Telecomunicacoes de Sao Paulo SA, will form a company in Region 3. With five million fixed lines, it is considered the most promising of the Telebras subsidiaries.

The Region 1 company will include the subsidiaries in the states of Rio de Janeiro, Minas Gerais, Espirito Santo and in Brazil's northern and northeastern regions.

The third company, in Region 2, will be made up of Telebras operating units in Brazilia and states in the southern and central western regions of the country.

CURRENCY & INTEREST RATES

Cross Rates

Oct. 23

	$	£	D.M.	F.F.	Lira	D.Fl.	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	2.002	3.261	1.1267	0.3363	0.1145*	—	5.465*	1.3084	1.642*	1.4425	1.337*
Brussels	36.855	59.4825	20.6175	6.1585	2.1113*	18.301	—	24.87	0.302	26.51	24.58*
Frankfurt	1.7793	2.9030	—	0.2984	0.1024*	0.8876	4.8505*	1.2063	1.4644*	1.2775	1.1866*
London (a)	1.6299	—	2.925	9.6905	2,826.49	3.259	59.6397	2.398	198.44	2.2632	243.8249
Madrid	149.45	243.574	84.292	25.155	8.631*	74.815	4.0881	101.5456	123.369*	107.557	—
Milan	1,728.68	2,827.40	974.25	291.57	—	866.50	47.33	1,178.80	14.355	1,249.70	11.588
New York (b)	—	1.6327 a	1.7673	5.9208	1,728.00	1.9905	36.43	1.464	121.93	1.391	149.525
Paris	5.9411	9.683	3.3509	—	0.3431*	2.9741	0.1625	4.0471	4.9889*	4.2757	3.976*
Tokyo	120.95	197.40	67.38	20.23	6.996	60.17	3.2894	81.70	—	86.92	0.8047
Toronto	1.3908	2.2713	0.7687	0.2347	0.0804*	0.698	0.3816*	0.9496	1.1404*	—	0.933*
Zurich	1.4691	2.397	0.829	0.247	0.0848*	0.7367	4.8916*	—	1.2083*	1.0576	0.9034*
1 ECU	1.1117	0.6822	1.9711	6.6049	1,934.58	2.2288	40.4422	1.632	134.742	1.5448	166.715
1 SDR	1.3644	0.8381	2.4278	8.1063	2,362.54	2.7256	50.1909	2.0986	164.961	1.8963	203.805

Closings in Amsterdam, London, Milan, Paris and Zurich, fixings in other centers; New York at 4 P.M. and Toronto rates at 3 P.M.
*a: To buy one pound; b: To buy one dollar; *Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9986	Greek drac.	279.0	Mex. peso	7.719	S. Afr. rand	4.729
Australian $	1.4280	Hong Kong $	7.7085	N. Zealand $	1.6085	S. Kor. won	921.0
Austrian sch.	12.57	Hung. forint	198.74	Norw. krone	7.172	Swed. krona	7.6314
Brazil real	1.098	Indian rupee	36.233	Phil. peso	34.60	Taiwan $	30.23
Chinese yuan	8.31	Indo. rupiah	3680.0	Polish zloty	3.41	Thai baht	39.00
Czech koruna	33.22	Irish £	0.6879	Port. escudo	180.36	Turkish lira	181515.
Danish krone	6.7535	Israeli shek.	3.5397	Russ ruble	5882.0	UAE dirham	3.672
Egypt. pound	3.3993	Kuwaiti dinar	0.3015	Saudi riyal	3.75	Venez. boliv.	498.50
Fin. markka	5.2985	Malay. ring.	3.365	Sing. $	1.5805		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6276	1.6255	1.6236	Japanese yen	120.69	120.16	119.60
Canadian dollar	1.3866	1.3844	1.3820	Swiss franc	1.4634	1.4593	1.4543
Deutsche mark	1.7696	1.7665	1.7636				

Sources: ING Bank (Amsterdam); Cera Investment Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo).

Libid-Libor Rates

Oct. 23

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU
1-month	5⅝ - 5¾	3½ - 3⅝	1⅞ - 2	7⅛ - 7¼	3 7/16 - 3 9/16	7/16 - ½	4 5/16 - 4 7/16
3-month	5¾ - 5 13/16	3¾ - 3 13/16	2 1/16 - 2 3/16	7¼ - 7⅜	3 9/16 - 3⅝	7/16 - ½	4 9/16 - 4 11/16
6-month	5 13/16 - 5 15/16	3⅞ - 3 15/16	2 3/16 - 2¼	7⅜ - 7½	3⅝ - 3 11/16	7/16 - ½	4½ - 4⅝
1-year	5 15/16 - 6	4⅛ - 4 3/16	2 7/16 - 2½	7 9/16 - 7 11/16	4⅛ - 4¼	½ - 9/16	4 11/16 - 4 13/16

Sources: Reuters, Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

United States	Close	Prev
Discount rate	5.00	5.00
Prime rate	8½	8½
Federal funds	5 9/16	5 9/16
90-day CDs dealers	5.69	5.70
180-day CP dealers	5.54	5.55
3-month Treasury bill	4.99	5.02
1-year Treasury bill	5.19	5.28
2-year Treasury bill	5.76	5.88
5-year Treasury note	5.94	6.04
7-year Treasury note	5.97	6.08
10-year Treasury note	6.02	6.12
30-year Treasury bond	6.32	6.41
Merrill Lynch 30-day RA	5.09	5.09
Japan		
Discount rate	0.50	0.50
Call money	0.43	0.43
1-month interbank	0.46	0.46
3-month interbank	0.47	0.47
6-month interbank	0.50	0.50
10-year Govt bond	1.91	1.93
Germany		
Lombard rate	4.50	4.50
Call money	3.45	3.45
1-month interbank	3.53	3.53
3-month interbank	3.70	3.70
6-month interbank	3.92	3.92
10-year Bund	5.81	5.75

Britain	Close	Prev
Bank base rate	7.00	7.00
Call money	7 3/16	7 3/16
1-month interbank	7 3/16	7 3/16
3-month interbank	7 5/16	7 5/16
6-month interbank	7⅜	7½
10-year Gilt	6.55	6.61
France		
Intervention rate	3.30	3.30
Call money	3⅜	3⅜
1-month interbank	3 7/16	3 7/16
3-month interbank	3 9/16	3⅝
6-month interbank	3¾	3 13/16
10-year OAT	5.71	5.72

Sources: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo-Mitsubishi, Commerzbank, Credit Lyonnais.

Gold

	A.M.	P.M.	Ch'ge
Zurich	N.A.	322.60	—0.60
London	323.30	324.30	+1.85
New York	323.60	324.70	+1.10

U.S. dollars per ounce. London official fixings; Zurich and New York opening and closing prices; New York Comex (Dec.)

Source: Reuters.

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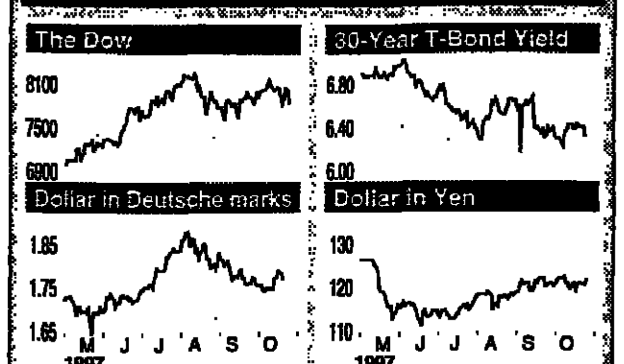
THE AMERICAS

Investor's America



Exchange	Index	Thursday @4P.M.	Prev. Close	% Change
NYSE	The Dow	7847.77	[illegible]	[illegible]
NYSE	S&P 500	950.69	[illegible]	[illegible]
NYSE	S&P 100	908.52	[illegible]	[illegible]
NYSE	Composite	499.49	[illegible]	-1.82
U.S.	Nasdaq Composite	1671.25	[illegible]	-2.15
AMEX	Market Value	[illegible]	713.50	-1.42
Toronto	TSE Index	[illegible]	[illegible]	[illegible]
São Paulo	Bovespa	[illegible]	[illegible]	[illegible]
Mexico City	Bolsa	5013.96	5300.50	-5.41
Buenos Aires	Merval	[illegible]	[illegible]	[illegible]
Santiago	IPSA General	5175.59	5226.21	[illegible]
Caracas	Capital General	[illegible]	10730.06	[illegible]

Source: Bloomberg, Reuters — International Herald Tribune

MCI Earnings Plunged 57% in 3d Quarter

No. 2 Long-Distance Carrier Begins Talks With 3 Firms Vying to Buy It

Compiled by Our Staff From Dispatches

WASHINGTON — MCI Communications Corp., which has three companies bidding for it, said Thursday that third-quarter profit fell 57 percent as losses in its fledgling local phone business widened and growth slowed in its long-distance business.

MCI, the No. 2 U.S. long-distance phone company, said third-quarter profit before charges fell to $132 million from $304 million a year earlier.

Results show MCI is losing long-distance market share and that new local and international operations have yet to pay off.

Still, analysts say MCI investors are more concerned about which of three acquisition offers will be accepted than about quarterly results.

"This marks two extraordinarily poor quarters," said Anna-Maria Kovacs, an analyst at Janney Montgomery Scott Inc.

GTE Corp., WorldCom Inc. and British Telecommunications PLC each have offered to buy MCI. British Telecom already owns 20 percent of MCI. MCI officials were to begin formal talks in New York on Thursday with all three companies.

MCI's shares fell 75 cents to close at $37.75.

Sales at Washington-based MCI rose 2.9 percent to $4.82 billion in the quarter.

A number of other major companies reported third-quarter results Thursday:

• Delta Air Lines Inc. said net income rose 7 percent to $254 million against a strong quarter last year, while Southwest Airlines said earnings rose 52 percent to $92.5 million.

Both companies beat forecasts, but Delta's stock was down 6.25 cents at $106.6825, and Southwest fell 50 cents to $35.3125.

The results follow strong earnings from other major carriers for the September quarter, traditionally a strong one since it includes the busy summer travel season.

• American International Group Inc. said third-quarter net income increased 15 percent to $840.3 million as mild weather curbed damage claims against the insurer, even as foreign currency losses marred its growth in U.S. dollars.

Maurice Greenberg, AIG's chairman, in a statement called the company's results "solid" and said that "the absence of major catastrophes in the quarter was a positive factor."

Shares of AIG, the biggest U.S. financial service company based on market value, fell $5.25 to end at $106.6825.

• Warner-Lambert Co. said third-quarter profit rose 30 percent, to $198 million, on increased sales of its cholesterol drug Lipitor and the diabetes drug Rezulin.

But the results failed to meet analysts' expectations, and the stock was quoted down $1.25 a share at $147.75.

Revenue rose 19 percent to $2.11 billion from $1.77 billion.

• Baxter International Inc. said its third-quarter operating profit rose 16 percent to $159 million, matching estimates, on increased sales of blood therapy products, replacement heart valves and products for intravenous nutrition.

The share price fell $3.375 to $52.50.

Sales rose 14 percent to $1.49 billion. Baxter sold more of its products, such as a nutritional supplement given to very ill patients through an intravenous needle.

Baxter said international sales were up 18 percent at $804 million. Without the impact of the stronger U.S. dollar, international sales rose 25 percent, Baxter said.

• Xerox Corp. said third-quarter net income rose 28 percent to $320 million on higher sales of newer digital machines and improved sales coverage, though the rising U.S. dollar ate into profits.

The share price fell $1.3125 to $86.

Revenue rose 5.2 percent to $4.38 billion. Before the effect of currency translations, revenue rose 9 percent, the company said.

Xerox, best known for its photocopiers, has been expanding its line of digital imaging machines. *(Bloomberg, Reuters, AFX)*

The Dollar Gets Jolted By Turmoil In Stocks

Bloomberg News

NEW YORK — The dollar fell against the Deutsche mark Thursday as the plunge in Hong Kong stocks dragged down the U.S. stock market.

"The Asian situation is taking dominance at the moment," said John Hanly, manager of foreign exchange at Bank Austria. "It's scaring people out of the dollar into the mark."

But the U.S. currency gained against the yen as the financial turmoil in Southeast Asia sent Japanese stocks plummeting.

Weakness in U.S. stocks is bad for the dollar because it fans concern that global investors selling U.S. securities will convert dollar proceeds into their home currencies.

"The decline in Hong Kong sparked a stock sell-off, and the dollar is vulnerable to that," said Andrew Hodge, currency strategist at Bank Brussels Lambert. "The dollar's gaining against the yen because Japan gets hit from an export point of view."

The dollar was quoted at 1.7673 Deutsche marks in 4 P.M. trading, down from 1.7860 DM on Wednesday, but rose to 121.93 yen from 120.90 yen.

The dollar began its decline against the mark in Europe as traders bet that Hong Kong's crisis, which led to declines of more than 3 percent in British, German, French and other European stock markets, would spill over to U.S. markets.

The dollar then extended losses in New York trading as Wall Street lost ground in line with those predictions.

The dollar's losses against the mark were curtailed by strength in U.S. bonds. Investors often flock to bonds as a refuge from falling global stocks.

The dollar fell to 1.4640 Swiss francs from 1.4826 francs and to 5.9208 French francs from 5.9835 francs.

The pound slipped to $1.6327 from $1.6330.

Very briefly:

• **Quaker Oats Co.** named Robert Morrison, the former head of **Philip Morris Cos.' Kraft Foods** unit, as chairman and chief executive, completing a six-month search to replace William Smithburg. Separately, Quaker Oats said its third quarter-earnings fell 41.73 percent, to $77.5 million, after restructuring and other charges.

• **HSN Inc.**, the media and retail company run by Barry Diller, offered to buy the half of **Ticketmaster Group Inc.** it does not own for $25 a share in cash, or about $307.5 million.

• **Amgen Inc.**, the world's largest independent biotechnology company, said it planned to buy back as much as $1 billion of its stock under a repurchase program.

• **Newsweek** magazine, a unit of **The Washington Post Co.**, will start a television-production company to create programs on topics such as politics, education and personal finance.

• **Chile's** economic output in August rose a greater-than-expected 7.4 percent from the year-earlier period. The increase raised concern that the central bank would move to put the brakes on the economy by raising rates. Separately, the central bank said that Chile posted a $282.1 million trade deficit in September as imports surged. *Bloomberg, Reuters, AP*

Bonds Soar as Buyers Bet Fed Won't Lift Rates

Bloomberg News

NEW YORK — U.S. bonds posted their biggest gains in five weeks Thursday as investors sought refuge in Treasury securities after a plunge in Hong Kong stocks sent equity markets around the world reeling.

"There is a flight to quality going on," said William Dawson, a funds manager at Federated Investors in Pittsburgh. "You've got a lot of buying of our government bonds coming from overseas."

Traders also speculated that the turmoil in Asia, sparked by concern that some of the world's fastest-growing economies are slowing, will restrain inflation and keep the Federal Reserve from raising interest rates again this year.

The benchmark 30-year bond rose 1 11/32 points to 100 24/32, pushing its yield down 10 basis points to 6.32 percent in heavy trading.

Traders said the Thursday events reduced prospects for a rate increase because prices of imported Asian goods were not likely to rise, helping hold down U.S. inflation, and Asian demand for exports may slow, curbing U.S. sales and growth.

"The Fed wouldn't be adding to the worry at a time when there is interest-rate pressure in these countries," said Wayne Angell, chief economist at Bear, Stearns & Co. and a former Fed governor.

"Inflation around the world is going to continue to be low," said Tom Poor, head of global bond trading at Scudder, Stevens & Clark.

The Fed last raised its target rate for overnight borrowing between banks in March, to 5.5 percent. Since then, economic reports have shown the lowest inflation rate in more than a decade. Fed policymakers are next scheduled to meet Nov. 12.

CARS: *After Strong 3d-Quarter Earnings, U.S. 'Big Three' Could Face Problems*

Continued from Page 15

This happened, Mr. Cedergren said, not so much because Chrysler was doing something wrong as because its competitors were beginning to do things right.

For example, GM's new Chevrolet Venture minivan is taking sales from Chrysler's Dodge Caravan and Plymouth Voyager models in a minivan market that has gone flat overall. Similarly, full-size sport-utility vehicles, such as the Ford Expedition, and small sport-utility models, such as Honda's CR-V, are selling well.

Sales of midsize sport-utility models such as the Jeep Grand Cherokee, meanwhile, are stagnant in a market segment that is beset by a host of new price-competitive rivals such as the Mercedes-Benz ML320.

Chrysler's comeback strategy in the midsize sport-utility segment is to roll out the 1998 Dodge Durango — a sport-utility vehicle priced in the $25,000 to $35,000 range. Chrysler also plans to introduce a new version of the Jeep Grand Cherokee next year.

Chrysler can expect continued pressure in the truck segment from Ford Motor Co., which took some sales away from the once hot-selling Dodge Ram pickup with a revised model of the Ford F-150.

Profit at Ford rose 64 percent in the latest quarter to a record $1.13 billion. That performance proved the success of the Ford 2000 program to lower costs and improve quality in the company's global operations, said Alex Trotman, Ford's chairman and chief executive.

Mr. Bradley and Mr. Cedergren said strong sales of the Lincoln Navigator and Ford Expedition, Ford's biggest and most profitable sport-utility models, contributed to the rise. But analysts at J.D. Power & Associates, a market-research company, cautioned that sport-utility models would not keep bringing in big profits forever. Sport-utility sales already are softening in major markets such as California, Power said in a report.

"If California is playing its typical bellwether role, the future direction for SUV sport-utility vehicle, is down," the Power report said. Even if sport-utility sales avoid a sharp decline overall, profit on those vehicles probably will fall because of the proliferation of models, it added.

Ivester Takes Over at Coca-Cola

Bloomberg News

ATLANTA — Coca-Cola Co. named its president, M. Douglas Ivester, as chairman and chief executive officer, replacing his mentor, Roberto C. Goizueta, who died Saturday of lung-cancer complications.

Mr. Ivester, 50, has been president and chief operating officer since 1994. The appointment was expected.

Mr. Ivester's biggest task may be following in the footsteps of Mr. Goizueta, who increased Coca-Cola's market value to about $150 billion, from $5 billion. He takes the helm as the world's largest beverage company seeks to increase its share of the U.S. market to 50 percent, from 43 percent.

AMEX

Thursday's 4 P.M. Close

The 300 most traded stocks of the day, up to the closing on Wall Street.

The Associated Press.

Stock	Sales	High	Low	Latest	Chge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U. S. STOCK MARKET DIARY

Indexes

Dow Jones

	Open	High	Low	Last	Chg.
Indus	7870.61	8034.65	7805.04	7847.77	-186.88
Trans	3309.87	3367.27	3267.58	3292.63	-74.46
Util	246.61	247.99	244.29	245.08	-2.91
Comp	2570.52	2616.32	2546.26	2560.86	-55.47

Standard & Poors

	High	Previous Low	Close	Today 4 P.M.
Industrials	1133.34	1125.79	1128.51	1107.34
Transp.	715.61	707.73	713.08	699.55
Utilities	211.44	210.03	211.05	208.24
Finance	116.71	115.54	116.12	114.07
SP 500	972.61	965.66	968.49	950.69
SP 100	933.92	925.87	928.23	908.52

NYSE

	High	Low	Last	Chg.
Composite	508.80	496.49	499.49	-9.31
Industrials	637.31	621.18	625.12	-12.19
Transp.	481.05	469.40	472.89	-8.16
Utility	308.07	302.30	303.86	-4.21
Finance	485.35	474.16	476.74	-8.61

Nasdaq

	High	Low	Last	Chg.
Composite	1683.38	1664.37	1671.25	-36.83
Industrials	1353.84	1336.58	1348.61	-34.55
Banks	1966.45	1942.47	1949.54	-28.05
Insurance	1834.42	1795.95	1811.97	-33.18
Finance	2310.79	2281.17	2296.51	-38.87
Transp.	1143.20	1117.16	1122.55	-35.17

AMEX

	High	Low	Last	Chg.
	713.76	701.40	703.40	-10.34

Dow Jones Bond

	Close	Chg.
20 Bonds	104.07	+0.04
10 Utilities	101.73	+0.14
10 Industrials	106.40	-0.07

Most Actives

NYSE

	Vol.	High	Low	Last	Chg.
FstData s	278756	30¾	28¾	30¾	-5⅞
Boeing s	158037	49¾	47¾	49	-⅞
Compaq s	116485	73⅛	70¾	71⅞	-2¼
CorrectCp	86076	33⅛	30	31½	-10⅝
GenElec s	75889	68⅝	66⅝	67¾	-2¼
Sears	73427	43⅝	42¾	43⅝	-1⅛
IBM s	68682	103⅝	100⅝	100⅞	-5
CocaCl	68401	58¾	56⅝	57⅛	-1⅝
Baxter	68156	53¾	49½	52½	-3⅜
AT&T	63283	49⅝	47⅞	49⅞	-⅞
Motorola	61725	66⅝	65	65	-3⅝
PhilMor s	53885	41⅜	40⅝	41⅝	-⅞
AirTouch	46789	40⅝	39⅜	40⅝	+2⅝
DuPont s	45456	60⅝	58	60⅝	+⅝
PepsiCo	43338	38	37⅝	37⅝	-⅜

Nasdaq

	Vol.	High	Low	Last	Chg.
Intel s	233298	83⅝	80¼	81⅝	-2⅞
ApldMat s	214977	39⅝	36⅝	33	-3⅛
Amgen	141549	48¾	44⅝	48	+3⅝
SunMic s	102720	38⅝	36¼	36¼	-1⅝
3Com	97385	48⅝	46⅝	46⅝	-1⅞
DellCpt s	90399	97⅝	94⅝	95⅝	-3⅞
Cisco	88167	83⅜	81⅛	81½	-2⅞
Microsft s	82879	137⅛	132	135¾	-⅞
Allegn	75319	47¾	43⅝	44⅝	-2⅝
ReadRt	71867	21⅝	19⅝	20	-3⅛
Chyscope	64775	2⅝	2⅝	2½	-¼
VideoLan s	63303	⅝	½	⅝	-⅛
EricTel	60989	48⅝	46⅝	47⅝	-1⅛
LamRsch	58851	39⅝	34⅝	39	-1⅝
MCI	58242	38⅝	37⅝	37¾	-⅝

AMEX

	Vol.	High	Low	Last	Chg.
SPDR	79287	95¾	94⅝	95⅛	-1⅞
XCL Ltd	19974	⅝	½	⅝	—
RoyalO g	13663	2⅝	2⅝	2⅝	+⅛
InterDig	12209	5	4⅝	5	+⅛
JTS Corp	10515	⅝	⅜	⅝	—
Horizon	9943	7⅝	6⅝	7	-⅝
EchoBay	8367	5⅝	5	5⅝	—
FAusPr	7547	8⅝	8⅝	8⅝	-⅛
PegGld	7009	5⅝	5⅛	5⅝	—
Hanrx	6812	1⅝	1⅝	1⅛	-⅛

Trading Activity

NYSE

	Close	Prev.
Advanced	576	1227
Declined	2422	1655
Unchanged	420	539
Total issues	3418	3421
New Highs	63	172
New Lows	83	25

Nasdaq

	Noon	Prev.
Advanced	759	2120
Declined	3434	2133
Unchanged	1459	1478
Total issues	5672	5731
New Highs	54	255
New Lows	94	49

AMEX

	Close	Prev.
Advanced	143	290
Declined	467	302
Unchanged	155	157
Total issues	765	749
New Highs	13	36
New Lows	23	6

Market Sales

	Today 4:00	Prev. cons.
NYSE	667.08	727.05
Amex	33.70	36.40
Nasdaq	754.97	774.91

In millions.

Dividends

Company	Per	Amt	Rec	Pay
IRREGULAR				
BG Plc		c 10-31	11-3	
c- .76 ADS for each ADS held.				
Mesa Offshore	-	.0046	10-31	1-30
Mesa Royalty Tr	-	.3416	10-31	1-30
Templeton China	d	.78	10-31	11-14
d- includes .155 from income & .625 from capital gains.				
Templeton Em Mk	e	2.00	10-31	11-14
e- includes .265 from income & 1.735 from capital gains.				
STOCK SPLIT				
Compuware Corp 2 for 1 split.				
Fst Bcp Indiana 3 for 2 split.				
Haven Bncp 2 for 1 split.				
Northwest SvgsBk 2 for 1 split.				
Timberline Software 5 for 4 split.				
York Fncl 5 for 4 split.				
STOCK				
Arrow Fncl	-	5%	11-14	11-28
ERLY Indus	-	10%	10-31	11-17
REVERSE STOCK SPLIT				
Creative Gaming 1 for 30 reverse split.				
INCREASED				
Alltel Corp	Q	.29	12-5	1-3
Arrow Fncl	Q	.21	12-1	12-15
Avalon Props	Q	.39	11-3	11-14
Harleysville Svgs	Q	.11	11-5	11-19
TNMC Mtg Hldgs	Q	.46	10-31	12-8
Interface Inc A	Q	.075	11-7	11-21
MCN Energy	Q	.255	11-10	11-25
Main St Bk Grp	Q	.15	12-12	12-26
Mason-Dixon Bc	Q	.17	10-31	11-14
Northwest Equity	Q	.14	10-31	11-7
TR Financial	Q	.16	11-12	12-1
Wash Mutual Inc	Q	.28	10-31	11-14
INITIAL				
Anchor BnCp Wis	-	.08	10-31	11-15
Flagstar Bncp	-	.06	10-31	11-14
Fst Wstern Bcp n	-	.15	10-31	11-10
IMH CommrclHld	-	.15	10-27	11-11
LHeilme Hoan	-	.0625	11-5	11-19
Norwest Corp n	-	.165	11-7	12-1
Queens CtyBcp n	-	.20	11-3	11-14
Schwab Charles n	-	.04	11-14	11-28
Sokrita Inc	-	.01	11-17	12-12
WBK STRYPES	-	.3396	11-1	11-17
REGULAR				
AZ Pub Svc ad	Q	1.50	11-3	12-1
CCB Fncl	Q	.47	12-15	1-2
Central & SoWest	Q	.435	11-7	12-1
Exelon Corp	Q	.44	11-3	11-25
Fst Empire State	Q	.80	12-1	12-31
Lockheed Martin	Q	.40	12-1	12-31
WPL Hldngs	Q	.50	10-31	11-15

a-annual; b-approximate amount per share/ADR; g-payable in Canadian funds; m-monthly; q-quarterly; s-semiannually.

Stock Tables Explained

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the years high-low range and dividend are shown for the new stocks only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration. a - dividend also extra (s). b - annual rate of dividend plus stock dividend. c - liquidating dividend. cc - PE exceeds 99. cld - called. d - new yearly low. dd - loss in the last 12 months. e - dividend declared or paid in preceding 12 months. f - annual rate, increased on last declaration. g - dividend in Canadian funds, subject to 15% non-residence tax. i - dividend declared after split-up or stock dividend. j - dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k - dividend declared or paid this year, an accumulative issue with dividends in arrears. m - annual rate, reduced on last declaration. n - new issue in the past 52 weeks. The high-low range begins with the start of trading. nd - next day delivery. p - initial dividend, annual rate unknown. P/E - price-earnings ratio. q - closed-end mutual fund. r - dividend declared or paid in preceding 12 months, plus stock dividend. s - stock split. Dividend begins with date of split. sls - sales. t - dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u - new yearly high. v - trading halted. vi - in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd - when distributed. wi - when issued/ ww - with warrants. x - ex-dividend or ex-rights. xdis - ex-distribution. xw - without warrants. y- ex-dividend and sales in full. yld - yield. z - sales in full.

INTERNATIONAL FUTURES

Oct. 23, 1997 — High / Low / Latest / Chge / Opint

Grains

CORN (CBOT) 5,000 bu minimum- cents per bushel

	High	Low	Latest	Chge	Opint
Dec 97	293¾	287	288	-5¼	210,022
Mar 98	303¼	296½	297½	-6	100,291
May 98	307	302	303¼	-5¾	30,205
Jul 98	313¾	306½	307¼	-6¼	37,949
Sep 98	299	296	296¾	-4	3,474
Dec 98	297½	294	295½	-3¾	23,926

Est. sales 75,000 Wed's sales 77,813
Wed's open int 407,060, up 5,228

SOYBEAN MEAL (CBOT) 100 tons- dollars per ton

	High	Low	Latest	Chge	Opint
Dec 97	224.70	219.00	223.20	+0.10	43,758
Jan 98	223.20	218.70	221.40	-0.80	21,416
Mar 98	221.50	217.00	218.70	-1.70	19,252
May 98	220.50	216.50	217.50	-2.00	16,064
Jul 98	222.50	218.50	220.00	-1.20	10,987
Aug 98	222.50	218.50	219.20	-2.20	2,555

Est. sales 25,000 Wed's sales 25,404
Wed's open int 117,673, off 1,822

SOYBEAN OIL (CBOT) 60,000 lbs- cents per lb

	High	Low	Latest	Chge	Opint
Dec 97	25.48	24.92	25.19	-0.08	56,530
Jan 98	25.55	25.11	25.39	-0.05	23,969
Mar 98	25.67	25.35	25.65	+0.05	12,155
May 98	25.75	25.45	25.74	-0.03	8,053
Jul 98	25.80	25.50	25.77	-0.03	8,494
Aug 98	25.80	25.70	25.70	+0.05	619

Est. sales 18,000 Wed's sales 21,342
Wed's open int 111,014, up 2,487

SOYBEANS (CBOT) 5,000 bu minimum- cents per bushel

	High	Low	Latest	Chge	Opint
Nov 97	699	688	694	-4¼	67,260
Jan 98	705½	696	700	-4¼	47,664
Mar 98	713¾	705	708¼	-5	21,187
May 98	718	711	714½	-6¼	15,412
Jul 98	727	718½	720¼	-4¼	13,573

Est. sales 50,000 Wed's sales 59,057
Wed's open int 171,893, off 139

WHEAT (CBOT) 5,000 bu minimum- cents per bushel

	High	Low	Latest	Chge	Opint
Dec 97	373½	366½	366¾	-7¼	58,681
Mar 98	386¼	380	380¼	-6¼	27,082
May 98	391¼	387	387½	-6¼	5,759
Jul 98	395	389¼	390¼	-5¼	13,598

Est. sales 15,000 Wed's sales 21,225
Wed's open int 108,184, up 306

Livestock

CATTLE (CMER) 40,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Dec 97	67.90	67.12	67.72	+0.25	41,598
Feb 98	69.32	68.60	69.15	+0.02	21,197
Apr 98	72.90	72.22	72.57	-0.02	13,432
Jun 98	70.67	70.05	70.42	-0.02	9,543
Aug 98	70.50	70.05	70.10	-0.20	2,912
Oct 98	73.20	72.85	72.85	-0.30	1,095

Est. sales 15,654 Wed's sales 13,164
Wed's open int 90,729, up 732

FEEDER CATTLE (CMER) 50,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Oct 97	78.05	77.70	77.90	+0.15	1,947
Nov 97	79.20	77.87	78.80	+0.67	7,560
Jan 98	79.30	78.20	78.95	+0.55	4,971
Mar 98	79.17	78.10	78.75	+0.45	2,278
Apr 98	79.30	78.25	78.82	+0.42	947
May 98	80.20	79.20	79.70	+0.25	685

Est. sales 4,132 Wed's sales 2,085
Wed's open int 18,636, up 37

HOGS-Lean (CMER) 40,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Dec 97	61.32	60.35	61.15	+0.57	20,949
Feb 98	61.85	61.00	61.55	+0.27	8,862
Apr 98	59.20	58.65	58.87	+0.10	3,981
Jun 98	66.50	66.12	66.42	+0.32	1,967
Jul 98	64.90	64.45	64.90	+0.40	948

Est. sales 4,463 Wed's sales 6,520
Wed's open int 37,329, up 467

PORK BELLIES (CMER) 40,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Feb 98	66.25	63.80	64.87	+1.27	6,594
Mar 98	64.92	63.65	64.80	+1.22	904
May 98	65.30	63.70	65.05	+1.55	241

Est. sales 3,379 Wed's sales 3,424
Wed's open int 7,909, off 64

Food

COCOA (NCSE) 10 metric tons- $ per ton

	High	Low	Latest	Chge	Opint
Dec 97	1606	1582	1600	+7	34,052
Mar 98	1646	1620	1638	+7	27,774
May 98	1661	1642	1659	+8	12,820
Jul 98	1679	1663	1679	+8	3,842
Sep 98	1699	1698	1699	+8	4,780
Dec 98	1718	1706	1718	+8	9,018

Est. sales 12,902 Wed's sales 12,696
Wed's open int 103,561, off 2,297

COFFEE C (NCSE) 37,500 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Dec 97	153.00	146.10	152.20	+2.00	11,545
Mar 98	142.50	137.30	142.10	+2.10	8,238
May 98	139.00	134.50	138.50	+2.10	2,505
Jul 98	135.50	131.25	135.25	+2.25	2,256
Sep 98	131.75	128.00	131.75	+2.25	866

Est. sales 9,384 Wed's sales 4,640
Wed's open int 26,068, up 161

SUGAR-WORLD 11 (NCSE) 112,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Mar 98	11.85	11.73	11.73	Unch.	89,188
May 98	11.84	11.74	11.74	-0.01	25,182
Jul 98	11.72	11.63	11.66	+0.03	19,193
Oct 98	11.63	11.55	11.56	+0.04	19,108

Est. sales 14,917 Wed's sales 14,053
Wed's open int 158,006, up 3,152

ORANGE JUICE (NCTN) 15,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Nov 97	70.70	68.70	68.90	-0.95	10,145
Jan 98	73.90	72.05	72.28	-0.90	17,285
Mar 98	77.00	75.30	75.35	-1.05	9,924
May 98	80.00	78.40	78.70	-0.80	2,364

Est. sales N.A. Wed's sales 4,320
Wed's open int 41,491, up 1,036

Metals

GOLD (NCMX) 100 troy oz.- dollars per troy oz.

	High	Low	Latest	Chge	Opint
Oct 97	324.30	323.00	323.00	+0.90	120
Nov 97			323.50	+1.00	1
Dec 97	326.00	323.40	324.70	+1.10	82,014
Feb 98	327.80	325.30	326.40	+1.10	27,059
Apr 98	329.60	327.90	328.20	+1.10	6,040
Jun 98	331.70	330.00	330.20	+1.00	10,576
Aug 98			332.20	+1.10	4,400
Oct 98			334.30	+1.80	487
Dec 98	337.80	336.00	336.40	+1.00	10,397

Est. sales 35,000 Wed's sales 29,404
Wed's open int 176,416, up 1,193

HI GRADE COPPER (NCMX) 25,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Oct 97	93.70	92.20	93.00	-1.40	471
Nov 97	93.95	92.80	93.40	-1.40	2,532
Dec 97	95.35	93.00	93.90	-1.45	27,096
Jan 98	95.50	94.05	94.20	-1.35	1,058
Feb 98	94.80	94.20	94.20	-1.45	1,194
Mar 98	95.20	94.20	94.40	-1.15	6,833
Apr 98	94.90	94.20	94.20	-1.15	1,045
May 98	95.20	94.30	94.30	-1.15	3,032
Jun 98	95.20	93.90	93.90	-1.15	1,011

Est. sales 1,100 Wed's sales 4,373
Wed's open int 53,886, off 733

SILVER (NCMX) 5,000 troy oz.- cents per troy oz.

	High	Low	Latest	Chge	Opint
Oct 97			491.00	-9.30	1
Nov 97			492.00	-9.50	1
Dec 97	508.00	492.50	493.80	-9.50	65,433
Jan 98	503.50	495.10	495.10	-9.50	20
Mar 98	514.00	498.50	499.70	-9.70	19,588
May 98	514.00	502.50	502.50	-9.70	2,702
Jul 98	517.00	505.40	505.40	-9.70	2,778
Sep 98			508.20	-9.70	638

Est. sales 22,000 Wed's sales 19,688
Wed's open int 98,386, off 651

PLATINUM (NMER) 50 troy oz.- dollars per troy oz.

	High	Low	Latest	Chge	Opint
Oct 97	426.50	424.40	424.40	+3.70	141
Jan 98	424.80	416.00	422.90	+1.70	13,233
Apr 98	420.00	418.00	418.90	+2.20	947

Est. sales N.A. Wed's sales 2,302
Wed's open int 14,342, up 271

LONDON METALS (LME) Dollars per metric ton

	Close		Previous	
Aluminum (High Grade)				
Spot	1572½	1573½	1565.00	1566.00
Forward	1601.00	1602.00	1594.00	1595.00
Copper Cathodes (High Grade)				
Spot	2058.00	2059.00	2084.00	2085.00
Forward	2078.00	2079.00	2106.00	2107.00
Lead				
Spot	609.00	610.00	612½	613½
Forward	621.00	622.00	625.00	626.00
Nickel				
Spot	6215.00	6225.00	6390.00	6400.00
Forward	6300.00	6310.00	6480.00	6485.00
Tin				
Spot	5385.00	5395.00	5325.00	5335.00
Forward	5410.00	5415.00	5450.00	5455.00
Zinc (Special High Grade)				
Spot	1257.00	1258.00	1254.00	1255.00
Forward	1277.00	1277½	1275.00	1276.00

Financial

US T BILLS (CMER) $1 million- pts of 100 pct.

	High	Low	Close	Chge	Opint
Dec 97	95.11	95.02	95.04	+0.09	4,344
Mar 98	95.17	95.04	95.07	+0.13	4,311
Jun 98			94.98	+0.13	366
Sep 98			94.93	+0.11	12

Est. sales 1,521 Wed's sales 1,579
Wed's open int 9,033, off 420

5 YR TREASURY (CBOT) $100,000 prin- pts & 64ths of 100 pct

	High	Low	Close	Chge	Opint
Dec 97	107-54	107-06	107-38	+30	232,528
Jun 98			-14	unch.	

Est. sales 72,011 Wed's sales 29,909
Wed's open int 237,541, up 7,193

10 YR TREASURY (CBOT) $100,000 prin- pts & 32nds of 100 pct

	High	Low	Close	Chge	Opint
Dec 97	110-30	109-27	110-17	+19	375,500
Mar 98	110-15	110-06	110-07	+20	78,907
Jun 98			110-00	+21	7

Est. sales 176,571 Wed's sales 50,035
Wed's open int 394,459, up 3,294

US TREASURY BONDS (CBOT) (8 pct-$100,000-pts & 32nds of 100 pct)

	High	Low	Close	Chge	Opint
Dec 97	117-00	115-05	116-10	+1 02	640,551
Mar 98	116-18	115-20	116-00	+1 02	49,152
Jun 98	115-30	114-16	115-21	+1 02	8,306

Est. sales 675,000 Wed's sales 283,562
Wed's open int 724,775, up 8,023

LONG GILT (LIFFE) £50,000 - pts & 32nds of 100 pct

	High	Low	Close	Chge	Opint
Dec 97	119-08	118-08	118-21	+0-19	179,271
Mar 98	118-29	118-20	118-21	+0-20	24,632

Est. sales: 118,796. Prev. sales: 95,408
Prev. open int.: 205,903 up 10,527

GERMAN GOV. BUND (LIFFE) DM250,000 - pts of 100 pct

	High	Low	Close	Chge	Opint
Dec 97	102.08	101.45	101.77	+0.45	283,050
Mar 98	101.28	101.28	101.06	+0.46	10,958

Est. sales: 271,825. Prev. sales: 269,024
Prev. open int.: 294,000 off 1,780

10-YEAR FRENCH GOV. BONDS (MATIF) FF500,000 - pts of 100 pct

	High	Low	Latest	Chge	Opint
Dec 97	98.42	97.80	98.14	+0.32	115,344
Mar 98	97.84	97.46	97.58	+0.28	7,706

Est. sales: 209,662.
Open int.: 123,050 off 11,027.

ITALIAN GOVERNMENT BOND (LIFFE) ITL 200 million - pts of 100 pct

	High	Low	Latest	Chge	Opint
Dec 97	112.04	111.53	111.67	+0.14	113,132
Mar 98	N.T.	N.T.	111.64	+0.15	1,421

Est. sales: 59,191. Prev. sales: 57,827
Prev. open int.: 114,563 off 72

LIBOR 1-MONTH (CMER) $3 million- pts of 100 pct.

	High	Low	Latest	Chge	Opint
Nov 97	94.32	94.28	94.29	+0.04	42,477
Dec 97	94.18	94.13	94.14	+0.07	13,623
Jan 98	94.26	94.24	94.24	+0.05	3,814

Est. sales 12,388 Wed's sales 6,810
Wed's open int 62,892, up 1,262

EURODOLLARS (CMER) $1 million-pts of 100 pct.

	High	Low	Latest	Chge	Opint
Nov 97	94.20	94.16	94.16	+0.04	24,018
Dec 97	94.19	94.08	94.14	+0.05	562,677
Mar 98	94.15	94.00	94.09	+0.08	426,933
Jun 98	94.07	93.91	94.02	+0.10	345,457
Sep 98	94.00	93.83	93.95	+0.11	258,597
Dec 98	93.91	93.73	93.84	+0.10	229,450
Mar 99	93.89	93.72	93.83	+0.11	163,976
Jun 99	93.86	93.67	93.80	+0.11	141,103
Sep 99	93.82	93.73	93.77	+0.11	108,253
Dec 99	93.75	93.67	93.70	+0.10	88,395
Mar 00	93.76	93.68	93.70	+0.09	72,057
Jun 00	93.73	93.65	93.67	+0.09	59,306

Est. sales 981,320 Wed's sales 282,289
Wed's open int 2,815,581, up 7,237

BRITISH POUND (CMER) 62,500 pounds, $ per pound

	High	Low	Latest	Chge	Opint
Dec 97	1.6310	1.6226	1.6294	+0.0004	36,128
Mar 98	1.6260	1.6200	1.6240	+0.0004	258
Jun 98			1.6182	+0.0002	87

Est. sales 4,642 Wed's sales 9,162
Wed's open int 36,465, up 1,029

CANADIAN DOLLAR (CMER) 100,000 dollars, $ per Cdn. dlr

	High	Low	Latest	Chge	Opint
Dec 97	.7224	.7205	.7210	+0.0004	53,461
Mar 98	.7267	.7240	.7243	+0.0004	2,527
Jun 98	.7284	.7267	.7267	+0.0004	522

Est. sales 7,849 Wed's sales 14,216
Wed's open int 57,025, up 1,894

GERMAN MARK (CMER) 125,000 marks, $ per mark

	High	Low	Latest	Chge	Opint
Dec 97	.5688	.5601	.5673	+0.0059	62,482
Mar 98	.5712	.5672	.5701	+0.0059	2,550
Jun 98			.5726	+0.0059	2,618

Est. sales 28,136 Wed's sales 33,907
Wed's open int 67,756, up 673

JAPANESE YEN (CMER) 12.5 million yen, $ per 100 yen

	High	Low	Latest	Chge	Opint
Dec 97	.8343	.8250	.8265	-0.0075	84,881
Mar 98	.8428	.8374	.8377	-0.0083	958
Jun 98			.8491	-0.0077	172

Est. sales 20,568 Wed's sales 12,822
Wed's open int 86,022, off 1,961

SWISS FRANC (CMER) 125,000 francs, $ per franc

	High	Low	Latest	Chge	Opint
Dec 97	.6883	.6769	.6865	+0.0090	42,387
Mar 98	.6927	.6890	.6926	+0.0090	2,133
Jun 98			.6987	+0.0090	265

Est. sales 16,354 Wed's sales 21,140
Wed's open int 45,894, up 1,629

MEXICAN PESO (CMER) 500,000 pesos, $ per peso

	High	Low	Latest	Chge	Opint
Dec 97	.12700	.12550	.12572	-.00922	28,177
Mar 98	.12275	.12160	.12172	-.00972	8,993
Jun 98	.11925	.11820	.11835	-.01028	2,336

Est. sales 17,701 Wed's sales 3,641
Wed's open int 43,278, up 143

3-MONTH STERLING (LIFFE) £500,000 - pts of 100 pct

	High	Low	Latest	Chge	Opint
Dec 97	92.66	92.62	92.64	+0.02	134,905
Mar 98	92.64	92.58	92.60	+0.02	114,372
Jun 98	92.68	92.62	92.63	+0.01	81,486
Sep 98	92.76	92.69	92.70	+0.02	62,740
Dec 98	92.86	92.80	92.80	+0.02	62,557
Mar 99	92.98	92.91	92.93	+0.02	49,448

Est. sales: 99,003. Prev. sales: 98,944
Prev. open int.: 637,451 up 7,889

3-MONTH EUROMARK (LIFFE) DM1 million - pts of 100 pct

	High	Low	Latest	Chge	Opint
Nov 97	96.26	96.22	96.23	+0.02	1,743
Dec 97	96.17	96.13	96.15	+0.04	294,858
Jan 98	96.06	96.06	96.05	+0.04	630
Mar 98	95.85	95.77	95.81	+0.06	331,073
Jun 98	95.57	95.47	95.50	+0.07	286,250
Sep 98	95.34	95.25	95.29	+0.07	194,872
Dec 98	95.14	95.04	95.08	+0.06	185,639
Mar 99	94.97	94.88	94.92	+0.06	195,929

Est. sales: 393,921. Prev. sales: 291,433
Prev. open int.: 1,779,928 up 21,146

3-MONTH PIBOR (MATIF) FF5 million - pts of 100 pct

	High	Low	Latest	Chge	Opint
Dec 97	96.18	96.13	96.16	+0.04	38,506
Mar 98	95.83	95.74	95.79	+0.07	51,922
Jun 98	95.54	95.45	95.51	+0.08	33,712
Sep 98	95.33	95.23	95.29	+0.07	19,391
Dec 98	95.16	95.07	95.13	+0.07	23,288
Mar 99	95.00	94.92	94.97	+0.07	46,203
Jun 99	94.86	94.81	94.84	+0.07	12,339

Est. sales: 90,436.
Open int.: 250,251 off 2,566.

3-MONTH EUROLIRA (LIFFE) ITL 1 million - pts of 100 pct

	High	Low	Latest	Chge	Opint
Dec 97	93.86	93.77	93.80	+0.02	107,214
Mar 98	94.54	94.46	94.47	+0.02	103,415
Jun 98	94.88	94.79	94.81	+0.02	97,144
Sep 98	94.91	94.86	94.88	+0.03	63,406
Dec 98	94.89	94.83	94.85	+0.03	59,734

Est. sales: 66,580. Prev. sales: 75,074
Prev. open int.: 478,697 up 561

Industrials

COTTON 2 (NCTN) 50,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Dec 97	72.25	71.35	71.86	-0.49	48,869
Mar 98	73.60	72.12	73.18	-0.51	16,926
May 98	74.45	73.70	74.20	-0.38	9,124
Jul 98	75.30	74.60	74.96	-0.41	8,638
Oct 98	76.20	75.70	75.70	-0.58	832

Est. sales N.A. Wed's sales 16,956
Wed's open int 92,840, up 157

HEATING OIL (NMER) 42,000 gal, cents per gal

	High	Low	Latest	Chge	Opint
Nov 97	59.00	57.90	58.09	-0.48	29,920
Dec 97	60.00	58.90	59.02	-0.74	48,214
Jan 98	60.45	59.60	59.62	-0.72	22,590
Feb 98	60.45	59.75	59.82	-0.61	12,098
Mar 98	59.70	59.12	59.12	-0.57	8,453
Apr 98	58.05	57.47	57.47	-0.18	5,200
May 98	56.75	56.02	56.02	-0.53	3,386

Est. sales N.A. Wed's sales 27,365
Wed's open int 140,398, off 1,027

LIGHT SWEET CRUDE (NMER) 1,000 bbl.- dollars per bbl.

	High	Low	Latest	Chge	Opint
Dec 97	21.55	20.98	21.14	-0.28	117,542
Jan 98	21.52	21.05	21.20	-0.23	53,404
Feb 98	21.48	21.00	21.12	-0.23	38,233
Mar 98	21.35	21.00	21.05	-0.18	18,171
Apr 98	21.21	20.98	21.00	-0.13	14,866
May 98	21.04	21.02	21.02	-0.01	12,754

Est. sales N.A. Wed's sales 124,427
Wed's open int 398,181, off 3,875

NATURAL GAS (NMER) 10,000 mm btu's, $ per mm btu

	High	Low	Latest	Chge	Opint
Nov 97	3.650	3.420	3.425	-0.112	39,972
Dec 97	3.740	3.430	3.520	-0.113	51,862
Jan 98	3.625	3.430	3.430	-0.128	29,343
Feb 98	3.190	3.040	3.070	-0.068	22,416
Mar 98	2.820	2.660	2.680	-0.095	15,775
Apr 98	2.450	2.380	2.380	-0.050	9,716

Est. sales N.A. Wed's sales 67,556
Wed's open int 256,871, up 6,597

UNLEADED GASOLINE (NMER) 42,000 gal, cents per gal

	High	Low	Latest	Chge	Opint
Nov 97	61.30	60.15	60.26	-0.53	24,237
Dec 97	61.10	59.90	59.96	-0.48	25,009
Jan 98	60.90	59.80	59.86	-0.48	16,776
Feb 98	60.95	60.11	60.17	-0.48	7,434
Mar 98	61.50	60.61	60.61	-0.48	5,779
Apr 98	64.00	63.11	63.11	-0.48	4,899
May 98	63.80	62.86	62.86	-0.48	3,545
Jun 98			62.31	-0.48	2,848

Est. sales N.A. Wed's sales 27,063
Wed's open int 96,857, up 2,302

GASOIL (IPE) U.S. dollars per metric ton - lots of 100 tons

	High	Low	Latest	Chge	Opint
Nov 97	182.75	180.75	182.00	Unch.	34,253
Dec 97	184.00	182.25	183.75	+0.25	20,941
Jan 98	185.00	183.50	185.00	+0.50	14,144
Feb 98	184.75	183.50	184.75	+0.25	7,754
Mar 98	182.00	181.00	182.50	+0.25	5,308
Apr 98	179.50	179.25	179.75	+0.25	2,596
May 98	177.00	177.00	177.25	+0.25	1,202

Est. sales: 11,579. Prev. sales: 14,469
Prev. open int.: 100,972 up 76

BRENT OIL (IPE) U.S. dollars per barrel - lots of 1,000 barrels

	High	Low	Latest	Chge	Opint
Dec 97	20.37	20.00	20.02	-0.32	72,682
Jan 98	20.36	20.02	20.08	-0.21	37,878
Feb 98	20.27	20.00	20.01	-0.19	14,250
Mar 98	20.10	19.93	19.87	-0.18	5,453
Apr 98	19.96	19.63	19.53	-0.37	3,674
May 98	19.82	19.82	19.40	-0.36	4,022

Est. sales: 39,852. Prev. sales: 35,587
Prev. open int.: 154,801 up 2,614

Stock Indexes

SP COMP INDEX (CMER) 500 x index

	High	Low	Latest	Chge	Opint
Dec 97	967.95	948.00	956.75	-17.55	189,327
Mar 98	972.75	959.00	965.25	-19.90	4,415
Jun 98	980.00	969.50	980.00	-15.85	1,614

Est. sales N.A. Wed's sales 54,418
Wed's open int 195,767, off 1,437

FTSE 100 (LIFFE) £25 per index point

	High	Low	Latest	Chge	Opint
Dec 97	5100.0	5004.0	5100.0	-160	71,917
Mar 98	5035.0	5049.0	5035.0	-163	2,196

Est. sales: 17,532. Prev. sales: 12,971
Prev. open int.: 74,113 off 474

CAC 40 (MATIF) FF200 per index point

	High	Low	Latest	Chge	Opint
Oct 97	2934.0	2836.0	2859.0	-106	27,882
Nov 97	2939.0	2848.0	2867.0	-106	17,002
Dec 97	2948.0	2853.0	2874.0	-106	17,789
Mar 98	N.T.	N.T.	2901.0	-106	10,341
Jun 98	N.T.	N.T.	2872.5	-106	1,525

Est. sales: 41,376.
Open int.: 88,493 up 1,261.

Commodity Indexes

	Close	Previous
Moody's	1,525.90	1,519.70
Reuters	1,854.50	1,846.20
D.J. Futures	145.49	146.12
CRB	243.69	245.42

Sources: Matif, Associated Press, London Int'l Financial Futures Exchange, Int'l Petroleum Exchange.

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Investor AB Weighs Cuts at Defense Unit

Compiled by Our Staff From Dispatches

STOCKHOLM — Investor AB reported a sharp fall in profit for the first nine months Thursday and announced that it was considering restructuring its aeronautics and defense unit Saab AB because of a weak market for small commercial aircraft and "considerable losses."

Investor, the hub of the Wallenberg family empire that controls many of Sweden's largest companies, said profit for the first nine months dropped to less than an eighth of earnings in the year-ago period because a huge one-time gain inflated the year-earlier figure.

The company said profit fell to 1.56 billion kronor ($203.3 million) from 11.35 billion kronor. The year-earlier figure includes a one-time gain of 12.4 billion kronor from the sale of Scania shares.

Saab said it was considering ending production of the Saab 340 and Saab 2000 regional aircraft. Citing extensive overcapacity in the world market for small regional planes, the company said it would begin to focus on increasing cooperation with other aircraft manufacturers.

Saab announced separately that it had made a profit of 262 million kronor in the first nine months of the year, compared with 133 million kronor in the same period last year.

Investor shares fell 11.50 kronor to close at 371.50.

Saab Aerospace said a decision on whether to pull out of manufacturing the two civilian aircraft would be made in a few months.

"The regional aircraft market has become tougher and tougher over the past few years," said Gert Schyborger, the division's president. "We need much higher demand for our aircraft and a better return to be able to maintain manufacturing."

Winding up its commercial plane manufacturing would be a bitter move for Saab Automobile AB, which likes to advertise that Saab cars benefit from the group's aerospace know-how. Saab Automobile is co-owned by Investor and General Motors Corp.

Investor said that its net asset value was 96.36 billion kronor, or 481 kronor a share, as of Monday. On Sept. 30, the net asset value was 101.23 billion kronor, or 506 kronor a share. The value for its bigger assets has risen about 31 percent so far this year, Investor said, compared with a 28 percent rise for the Stockholm General index.

Other asset sales contributing to profit was Investor's sale of shares in Incentive AB, a holding company, for 3.43 billion kronor, and TV4 AB, a television channel, for 710 million kronor, the company said.

In addition to Saab, Investor holds dominant or controlling stakes in major Swedish companies such as Astra AB, a drugmaker; Ericsson AB, a telecommunications-equipment company; Electrolux AB, an appliance maker, and Skandinaviska Enskilda Banken AB.

(AFP, Reuters, Bloomberg)

Loony Advertising?

Agency Promotes Moon as Billboard

Reuters

LONDON — If two advertising men, Gary Betts and Malcolm Green, get their way, the moon could be more than just a part of the solar system. It could also be the world's biggest billboard.

Mr. Betts acknowledged that he and his partner were seeking publicity for their fledgling London-based ad agency, The Mighty Big Idea, but he also insisted that the idea of projecting corporate logos onto the moon by using the sun's light is more than a publicity stunt.

Mr. Betts said he and Mr. Green conceived the idea of advertising on the moon when they were sitting in the office and thinking, "Where would be an amazing place to put adverts?"

Subsequent conversations with scientists at the U.S. space agency, NASA, and Britain's Royal Greenwich Observatory in Cambridge convinced the duo that the idea could work.

"The actual process is dangerously simple," Mr. Betts said. "It is two, vast, mirror-like reflectors. They are packaged rather like an umbrella."

He added, "They are really quite big, hundreds and hundreds of yards."

The technique, said Mr. Betts, would be to have the reflectors float in space, using the moon's gravity for swing and the sun's power to project light onto the moon surface.

Sounds simple.

But Robin Catchpole, a research astronomer at the Royal Greenwich Observatory, said that while theoretically possible, it could not be easily implemented.

"I reckon if you're going to have a logo you can see, you need a mirror with a radius of 200 kilometers," Mr. Catchpole said. "Basically, what you need is a mirror that's about the same size of the image you want to project."

Mylar foil would be the thinnest and lightest material that could be used to make such a mirror. "I worked out that the mirror would weigh about a million tons," Mr. Catchpole said.

Ericsson Net Soars as Krona Falls

Compiled by Our Staff From Dispatches

STOCKHOLM — Ericsson AB said Thursday its third-quarter profit more than doubled as sales of mobile phones and their networks soared and it benefited from a weakened Swedish krona.

Profit, at 2.91 billion kronor ($378.4 million), compared with 1.38 billion kronor a year earlier, was better than many analysts expected, but shares in the company fell 17 kronor to close at 357.

"Ericsson had a strong report," said Karin Hoeglund, a trader at Nordbanken AB, "but there was a little disappointment because there was a lot of profit due to the currency effects."

Companies that rely heavily on exports benefit when their home currencies drop, as overseas revenue then is worth more when converted back to the home currency. But that effect does not directly reflect a company's performance.

The krona fell about 11 percent against the dollar in the first nine months of 1997.

The company said sales of mobile phones and terminals more than doubled in the first nine months of 1997 as its market share rose.

Operating profit in the third quarter rose to 4.67 billion kronor from 2.11 billion kronor a year earlier, while sales rose to 40.41 billion kronor from 28.17 billion kronor.

(Bloomberg, Reuters)

Philips Links Profit Surge To Effects of Restructuring

Compiled by Our Staff From Dispatches

EINDHOVEN, Netherlands — Philips Electronics NV said Thursday its third-quarter profit rose almost sixfold before one-time gains, showing the early benefits of a "painful restructuring program."

Net profit came in below expectations, though, after a final charge related to its move to sever ties with Grundig AG eroded one-time gains.

Europe's largest consumer-electronics company also cut loose another division, selling its car-systems unit to Mannesmann AG of Germany for 1.5 billion guilders ($750 million) because it said the unit was too small to compete.

Profit before one-time items rose to 721 million guilders in the quarter ended Sept. 30 from 123 million guilders a year earlier.

The company also had a one-time net gain of 711 million guilders, mostly from its sale in August of 100 million shares in Taiwan Semiconductor Manufacturing Co. That helped the company honor a pledge to achieve double-digit growth.

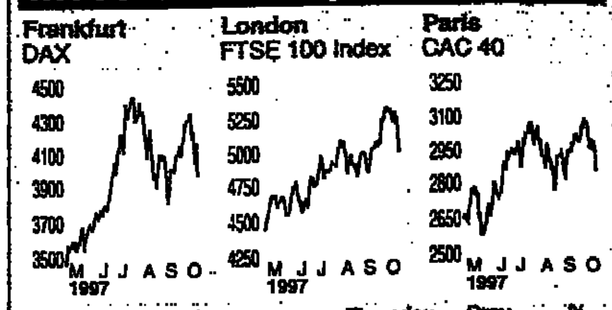
Including the one-time gain, net income surged to 1.43 billion guilders from 123 million guilders a year earlier.

Still, one-time gains were at least 200 million guilders lower than some analysts had expected after the special charge for severing Philips's relationship with the unprofitable Grundig.

Sales in the third quarter rose 18 percent, to 18.88 billion guilders from 15.99 billion guilders.

Philips shares fell 10.80 guilders to close at 160.20 in Amsterdam trading. *(Bloomberg, Reuters)*

Investor's Europe



Exchange	Index	Thursday Close	Prev. Close	% Change
Amsterdam	AEX	882.40	915.47	-3.61
Brussels	BEL-20	2,328.36	2,391.89	-2.66
Frankfurt	DAX	3,977.26	4,171.45	-4.66
Copenhagen	Stock Market	645.63	660.98	-2.32
Helsinki	HEX General	3,777.13	3,890.81	-2.92
Oslo	OBX	732.86	747.33	-1.94
London	FTSE 100	4,991.58	5,148.80	-3.06
Madrid	Stock Exchange	584.83	599.42	-2.43
Milan	MIBTEL	15712	15,997.00	-1.78
Paris	CAC 40	2,856.87	2,958.06	-3.42
Stockholm	SX 16	3,344.98	3,451.38	-3.08
Vienna	ATX	1,374.09	1,418.02	-3.10
Zurich	SPI	3,617.93	3,708.66	-2.45

Source: Telekurs — International Herald Tribune

Very briefly:

- **Cariplo SpA**, Italy's fifth-largest bank, said first-half profit grew 20.4 percent, to 227 billion lire ($130.2 million), as rising fee income offset a drop in interest revenue.
- **SGS-Thomson Microelectronics NV**, Europe's second-largest semiconductor maker, is considering a plan to sell the equivalent of about 7 million shares in new stock and convertible debt, raising an estimated $540 million.
- **Banco Bilbao Vizcaya SA** said higher earnings from commissions, trading and its Latin American investments lifted profit by 26 percent, to 88.85 billion pesetas ($590.4 million), in the first nine months of the year.
- *Munich Re, the world's largest reinsurer, said earnings for* the year that ended June 30 rose to 15.65 Deutsche marks ($8.76) a share from 14 DM a year earlier.
- **Novartis** said its sales for the first nine months of the year rose 21 percent, to 23.9 billion Swiss francs ($16.19 billion), thanks to growth in its core pharmaceuticals business.
- **Ireland's** central bank, bringing its money-market practices closer to that of the Bundesbank, will set a fixed or variable repurchase rate, with a two-week duration, once a week by tender beginning Nov. 20.

Bloomberg, AFX, AFP

WORLD STOCK MARKETS

Thursday, Oct. 23
Prices in local currencies.
Telekurs

Amsterdam
AEX index: 882.40 Previous: 915.47

	High	Low	Close	Prev.
ABN-AMRO	39.50	38	38.40	39.70
Aegon	162.70	156	157	162.80
Ahold	52.30	50.50	51.50	52.80
Akzo Nobel	345	333.50	339	348.80
Baan Co.	150	141	141	149
Bols Wess cva	34.20	33	33.30	33.80
CSM cva	92.50	91	92.30	93.50
Dordtsche Pet	111.50	107.50	109.30	111.70
DSM	187.50	180.50	181.20	188.60
Elsevier	31.70	29.80	30.60	32.20
Fortis Amev	79.90	77.60	79	80
Getronics	70.30	68	69.40	70.30
G-Broc cva	55.40	53.20	54	55.80
Hagemeyer	92	85.60	87.20	94.50
Heineken	336.50	324	326.90	338.40
Hoogovens cva	116	110.20	112.90	116.20
Hunt Douglas	90.40	84.50	86.50	90.50
ING Group	88.60	84	85.50	89.80
KLM	70.40	68.60	69.30	69.70
KNP BT	48	46.80	47	48.20
KPN	74.60	73	74.10	74.90
Nedlloyd Gp	68.80	64.80	66.80	69.60
Nutricia	57.60	55	55.60	57.10
Oce Grinten	240.50	234	234.10	240.50
Philips Elec	167	156.80	160.20	171
Polygram	116.30	111.20	113.30	114.90
Randstad Hdg	81.90	80.20	80.20	82.20
Robeco	194	191.50	191.50	194
Rodamco	58.20	56.60	57	59
Rolinco	191	189.50	189.50	192.50
Rorento	118.50	118.30	118.30	118
Royal Dutch	109.50	106.30	107.70	110.60
Unilever	109.40	105.20	106.80	110.20
Vendex Intl	109.60	105.80	106.20	110
VNU	44.20	40.80	41	44.30
Wolters Kl cva	250.20	237	241.70	252.60

Markets Closed

The stock market in Bangkok was closed Thursday for a holiday.

Bombay
Sensex 30 index: 4089.77 Previous: 4082.70

	High	Low	Close	Prev.
Bajaj Auto	599	590	594.50	603.50
Hindust Lever	1438	1392.50	1401.50	1440.25
Hindust Petm	507.50	500.75	505.25	506.50
Ind Dev Bk	108.50	102.50	104.25	108.50
ITC	634.50	619	623.50	630.50
Mahanagar Tel	264.75	257	258	266.50
Reliance Ind	415	401.25	404	411.50
State Bk India	281.50	271	274	282.25
Steel Authority	15.50	14.75	15	15.50
Tata Eng Loco	331.75	327	331	330.25

Brussels
BEL-20 index: 2328.36 Previous: 2391.89

	High	Low	Close	Prev.
Almanij	1625	1555	1570	1635
Barco Ind	7190	6960	7010	7340
BBL	9190	8960	9020	9250
CBR	3165	3060	3145	3200
Colruyt	19000	18100	18850	19325
Delhaize Lion	1750	1610	1685	1750
Electrabel	7580	7500	7580	7610
Electrafina	3450	3270	3400	3370
Fortis AG	7060	6850	6970	7090
Gevaert	1560	1500	1530	1560
GBL	5600	5350	5510	5620
Gen Banque	14200	13550	13825	14425
Kredietbank	14425	13850	14125	14825
Petrofina	14100	13675	13850	14150
Powerfin	5000	5000	5000	5020
Royale Belge	9350	9010	9200	9500
Soc Gen Belg	3255	3155	3215	3270
Solvay	2140	2090	2120	2155
Tractebel	3015	2980	3005	3020
UCB	125650	118250	121800	126000

Copenhagen
Stock Index: 645.62 Previous: 660.98

	High	Low	Close	Prev.
BG Bank	460	440	450	468
Carlsberg B	375	366	370	381
Codan Fors	1037	997.50	1000	1040
Danisco	380	367	373	383
Den Danske Bk	767.30	744	748.02	770
D/S Svendbrg B	446000	443000	444500	460000
D/S 1912 B	320000	310000	313000	320000
FLS Ind B	185	167	172	182
Kob Lufthavne	810	809	810	815
Nvo Nordisk B	760	749	749.56	768
Sophus Ber B	1162.65	1040	1050	1090
Tele Danmk B	353.50	341	345	350
Tryg Baltica	450	429	432	445
Unidanmark A	483	462	471	482

Frankfurt
DAX: 3977.26 Previous: 4171.45

	High	Low	Close	Prev.
AMB B	184.80	180	180	184.50
Adidas	249	247	247.50	252.90
Allianz Hdg	428	410	410	441.40
Altana	126.50	123.50	123.50	128.50
Bk Berlin	47.30	46.50	46.50	47.95
BASF	62.40	60.70	60.70	63.92
Bayer Hypo Bk	79.20	77.60	77.60	80
Bay.Vereinsbank	107.80	106	106	108.80
Bayer	67	65.05	65.05	68
Beiersdorf	80.55	79	80.55	81.40
Bewag	41.70	40.50	41.20	42.40
BMW	1380	1350	1350	1392
CKAG Colonia	167.50	161	161	169
Commerzbank	64.30	61.80	62	65
Daimler Benz	131	128.10	128.10	135.10
Degussa	90	85.50	85.50	90
Deutsche Bank	121	117.90	117.90	124.25
Deut Telekom	32.40	31.55	31.55	33.10
Dresdner Bank	79.95	77.70	77.70	82.45
Fresenius	295	290	290	293
Fresenius Med	133	132	133	134.20
Fried. Krupp	360	355	355	364.10
Gehe	95.20	94	94.50	95.50
Heidelbg Zmt	153.30	150	150	155
Henkel pfd	105	102.40	102.70	107.10
HEW	473.50	473.50	473.50	473.80
Hochtief	82.80	79.50	80.40	85.50
Hoechst	77.10	74.90	74.90	78.20
Karstadt	588	571	571	600
Lahmeyer	92.20	90.50	91	92.50
Linde	1140	1105	1105	1171
Lufthansa R	32.10	31.40	31.50	33
MAN	543	530	538	544.50
Mannesmann	844	819	819	835.50
Metallgesellschaft	38.40	38.24	38.40	38.53
Metro	79.50	74.10	76.20	79.60
Munch Rueck R	563	548.50	548.50	584
Preussag	493.50	485	487.50	502
RWE	87.10	83.60	83.60	87.50
SAP pfd	494	478	478	500
Schering	174.50	170	170	175
SGL Carbon	269	260	264	266.50
Siemens	116.30	114.60	114.60	120.50
Springer (Axel)	1530	1530	1530	1555
Suedzucker	880	860	860	885
Thyssen	425	412	414	428.50
Veba	98.40	95.70	96.20	99.80
VEW	556	556	555	570
Viag	867	841	841	868
Volkswagen	1167	1146	1147	1184

Helsinki
HEX General index: 3777.13 Previous: 3890.81

	High	Low	Close	Prev.
Enso A	58	55	55	58.30
Huhtamaki I	217	210	215	218
Kemira	57.10	55	55	57
Kesko	76.60	75	76	77.30
Merita A	26.70	25.80	26.10	26.90
Metra B	149	146	146	149
Metso-Serla B	51.50	49	49.50	52
Neste	136	134	136	134
Nokia A	540	509	511	532
Orion-Yhtymae	205	195	197	205
Outokumpu A	90	88	89	90
UPM-Kymmene	150	144.20	145	150
Valmet	97	92	94.50	98

Hong Kong
Hang Seng: 10426.30 Previous: 11687.77

	High	Low	Close	Prev.
Amoy Props	7.05	5.90	6.20	7.30
Bk East Asia	21.90	19.50	20.55	22.45
Cathay Pacific	9	7.20	8.10	8.85
Cheung Kong	55.50	47.90	50.25	58
CK Infrastruct	17.35	14.20	15.30	17.70
China Light	36.80	32.50	34.70	36.60
Citic Pacific	32	29	30.30	32.30
Dao Heng Bk	20.90	17	17.15	21.40
First Pacific	5.85	4.30	4.33	5.95
Hang Lung Dev	12.10	9.85	10.30	12.40
Hang Seng Bk	75	62.50	70.50	75.75
Henderson Inv	7	5.30	6	6.65
Henderson Ld	46	39.80	42.40	46.60
HK China Gas	14.45	11.80	12.75	14.50
HK Electric	26.90	24.20	26.20	27.05
HK Telecomm	14.40	12.40	13.70	14.45
Hopewell Hdgs	2.90	2.15	2.25	2.95
HSBC Hdgs	207	178	188	218
Hutchison Wh	52.75	44.90	49.60	54.50
Hysan Dev	18	15.15	16	17.70
Johnson El Hdg	19	17.60	17.60	19
Kerry Props	15.75	14.30	14.30	15.90
New World Dev	29.40	25.30	28.50	29.70
Oriental Press	2.08	1.74	1.78	2.08
Pearl Oriental	0.64	0.42	0.50	0.65
SHK Props.	65	54.75	59.75	66.75
Shun Tak Hdgs	4.30	3.55	3.80	4.25
Sino Land Co.	6	4.70	6	6
Sth China Post	6.10	5.70	5.80	6.20
Swire Pac A	46.90	40.50	41.50	46.90
Wharf Hdgs	18.85	15.10	16.10	19.15
Wheelock	11.50	9	9.80	11.60

Jakarta
Composite index: 494.14 Previous: 505.23

	High	Low	Close	Prev.
Astra Intl	2375	2275	2325	2400
Bk Intl Indon	775	725	775	800
Bk Negara	775	725	750	750
Gudang Garm	9100	8800	8900	9250
Indocement	2000	1925	2000	2025
Indofood	3925	3850	3900	3925
Indosat	8825	8700	8700	8925
Sampoerna HM	6000	5675	6000	5850
Semen Gresik	3375	3275	3375	3350
Telekomunikasi	3400	3275	3325	3450

Johannesburg
All Market: 7894.28 Previous: 7420.82

	High	Low	Close	Prev.
ABSA Group	33	29.75	30.75	33.15
AngloAm Coal	282	281	279.40	281.40
AngloAm Corp	250	233	236.40	252.60
AngloAm Gold	262	257	257	258.80
AngloAm Ind	174	157	157	175
AngloAM Plat	87.20	85	87	87.70
AVMIN	10.75	10.50	10.50	10.95
Barlow	53.70	52	52.30	54.50
C.G. Smith	24.25	23.25	24.25	24.75
De Beers	139	123	124.60	139.80
Driefontein	31.70	31.25	31.70	31.70
Fst Natl Bk	42.95	39	40.75	43
Gencor	12.25	11.90	11.90	12.35
GFSA	99	94.50	94.50	101.20
Imperial Hdgs	64.50	61.70	62.50	64.50
Ingwe Coal	21.60	20.50	21.25	22
Iscor	3.03	2.80	2.87	3.04
Johnnies Indl	61.50	57.50	58.50	62.20
Liberty Hdgs	360.20	345	345	362
Liberty Life	138	131.60	133	138.40
LibLife Strat	16.70	15.90	16	16.90
Minorco	102	97.80	101	103
Nampak	17.80	17	17.10	18.10
Nedcor	111	103.20	105	111
Rembrandt Gp	46.80	43.50	43.75	46.90
Richemont	63.20	59.50	61	63.50
SA Breweries	138.20	132.20	135	139.40
Samancor	34	34	34	35.25
Sasol	63.50	61.70	62	64.40
SBIC	229	223	225	232
Tiger Oats	78.20	74	75	78.50

Kuala Lumpur
Composite: 786.45 Previous: 731.17

	High	Low	Close	Prev.
AMMB Hdgs	6.80	6.20	6.30	6.80
Genting	9.45	8.95	9.40	9.45
Mal Banking	14.50	13.70	13.80	14.50
Mal Intl Ship F	5.85	5.40	5.85	5.95
Petronas Gas	9.50	9.20	9.25	9.60
Proton	8.95	8.70	8.75	8.90
Public Bk	2.35	2.12	2.20	2.37
Renong	3.16	3.08	3.16	3.16
Resorts World	7	6.10	7	6.50
Rothmans PM	25.25	24.90	24.90	25
Sime Darby	5.26	5.05	5.15	5.20
Telekom Mal	9.15	8.55	9	9.25
Tenaga	7.85	7.30	7.50	7.90
Utd Engineers	9.55	9.05	9.30	9.60
YTL	4.04	3.82	3.84	4.04

London
FT-SE 100: 4991.58 Previous: 5148.80

	High	Low	Close	Prev.
Abbey Natl	9.70	8.64	9.29	9.92
Allied Domecq	5.20	4.93	5.05	5.18
Anglian Water	8.13	7.86	8.05	8.17
Argos	6.45	6.32	6.38	6.55
Asda Group	1.55	1.51	1.54	1.56
Assoc Br Foods	5.05	4.87	4.93	4.98
BAA	5.85	5.40	5.41	5.92
Barclays	16.35	15	16.30	16.29
Bass	8.46	8.18	8.20	8.45
BAT Ind	5.74	5.50	5.61	5.89
Bank Scotland	5.39	4.93	5.06	5.39
Blue Circle	3.74	3.60	3.72	3.80
BOC Group	11	10.01	10.45	11.18
Boots	8.65	8	8.40	8.77
BPB Ind	3.41	3.36	3.36	3.42
Brit Aerosp	16.66	16.10	16.40	16.95
Brit Airways	6.43	6.10	6.22	6.34
BG	2.77	2.60	2.68	2.77
Brit Land	6.75	6.44	6.60	6.71
Brit Petm	9.23	8.63	8.85	9.39
BSkyB	4.42	4.28	4.31	4.49
Brit Steel	1.70	1.64	1.68	1.71
Brit Telecom	4.78	4.60	4.68	4.80
BTR	2.32	2.16	2.25	2.33
Burmah Castrol	10.70	10.05	10.39	10.90
Burton Gp	1.33	1.31	1.32	1.33
Cable Wireless	4.81	4.53	4.75	5.05
Cadbury Schw	6.29	5.90	6.15	6.24
Carlton Comm	5.30	5.07	5.10	5.35
Coml Union	8.76	8.47	8.55	9.02
Compass Gp	6.98	6.81	6.85	6.91
Courtaulds	3.53	3.07	3.13	3.24
Dixons	7.07	6.94	7.02	7.04
Electrocomponents	4.88	4.83	4.85	4.91
EMI Group	5.79	5.55	5.65	5.93
Energy Group	6.37	6.18	6.31	6.38
Enterprise Oil	7.03	6.88	6.89	7.14
Fam Colonial	1.80	1.74	1.74	1.81
Genl Accident	11	10.50	10.57	11.22
GEC	4.13	3.90	3.97	4.14
GKN	13.97	13.51	13.65	14.13
Glaxo Wellcome	13.48	12.36	12.81	13.17
Granada Gp	8.55	8.38	8.43	8.69
Grand Met	6.02	5.80	5.89	6.21
GRE	3.26	2.93	3.19	3.32
Greenalls Gp	3.66	3.45	3.47	3.67
Guinness	6.02	5.87	5.89	6.13
GUS	7.38	7	7.19	7.41
Hays	7.45	7.08	7.45	7.71
HSBC Hdgs	17.40	14.47	15.06	16.82
ICI	9.60	9.16	9.27	9.53
Impl Tobacco	3.90	3.86	3.87	3.88
Kingfisher	8.38	8	8.12	8.32
Ladbroke	3.01	2.88	2.90	3.02
Land Sec	10.13	9.60	10.04	10.18
Lasmo	2.69	2.56	2.65	2.78
Legal Genl Grp	5.09	4.92	4.96	5.10
Lloyds TSB Gp	7.86	6.96	7.35	7.74
LucasVarity	2.12	2.07	2.10	2.20
Marks Spencer	6.33	6	6.28	6.34
MEPC	5.10	5.03	5.06	5.11
Mercury Asset	14	13.02	13.20	13.95
National Grid	2.92	2.76	2.78	2.96
Natl Power	5.25	4.45	4.98	5.55
NatWest	9.72	9.15	9.60	9.85
Next	7.41	7.20	7.25	7.44
Norwich Union	3.50	3.35	3.44	3.55
Orange	2.50	2.30	2.35	2.48
P&O	7.11	6.80	7.10	7.32
Pearson	8.23	7.78	7.75	8.25
Pilkington	1.62	1.60	1.62	1.63
PowerGen	7	6	6.87	7.45
Premier Farnell	5	4.92	4.98	5.05
Prudential	7.15	6.50	6.60	6.99
Railtrack Gp	9.74	9	9.48	9.65
Rank Group	3.45	3.25	3.28	3.40
Reckitt Coln	9.95	9.60	9.65	9.87
Redland	3.67	3.35	3.36	3.38
Reed Intl	6.12	5.71	5.86	6.28
Rentokil Initial	2.58	2.40	2.48	2.57
Reuters Hdgs	7.30	6.25	6.99	7.41
Rexam	3.38	3.17	3.23	3.31
RTZ reg	9	8.53	8.62	9.56
RMC Group	9.40	8.72	9.84	9.09
Rolls Royce	2.30	2.15	2.26	2.32
Royal Bk Scot	6.83	6.50	6.67	7.02
Royal & Sun All	6	5.82	5.86	6.28
Safeway	3.86	3.74	3.81	3.93
Sainsbury	4.80	4.65	4.72	4.79
Schroders	18.75	16.40	18.27	19.29
Scot Newcastle	7.07	6.85	6.89	7.05
Scot Power	4.52	4.11	4.34	4.55
Securicor	2.87	2.85	2.86	2.91
Severn Trent	9.25	9.01	9.18	9.24
Shell Transp R	4.47	4.28	4.35	4.58
Siebe	12.63	12.01	12.36	12.66
Smith Nephew	1.87	1.84	1.86	1.86
SmithKline	5.85	5.40	5.76	5.88
Smiths Ind	8.85	8.70	8.72	8.87
Sthern Elec	4.75	4.20	4.68	4.73
Stagecoach	7.37	7.25	7.25	7.33
Stand Charter	7.21	6.46	6.95	7.32
Tate & Lyle	4.75	4.69	4.70	4.78
Tesco	4.77	4.60	4.71	4.71
Thames Water	8.90	8.47	8.80	8.90
3i Group	5.03	4.70	4.91	5.01
TI Group	6.10	5.60	5.91	5.95
Tomkins	3.24	3.14	3.18	3.27
Unilever	4.87	4.62	4.66	4.88
Utd Assurance	5.02	4.90	4.96	4.98
Utd News	8.03	7.75	7.87	8.06
Utd Utilities	7.47	7	7.29	7.41
Vendome Lx uts	4.35	4.11	4.13	4.40
Vodafone	3.55	3.40	3.46	3.55
Whitbread	7.70	7.45	7.56	7.85
Williams Hdgs	3.90	3.65	3.76	3.87
Wolseley	5.12	4.95	5.04	5.24
WPP Group	2.89	2.79	2.81	2.88
Zeneca	20.21	19.12	19.47	20.27

Madrid
Bolsa index: 584.83 Previous: 599.42

	High	Low	Close	Prev.
Acerinox	26000	24450	25280	26160
ACESA	1845	1770	1795	1820
Aguas Barcelon	6060	5850	5920	6080
Argentaria	8350	8230	8320	8450
BBV	4425	4220	4315	4470
Banesto	1415	1350	1380	1420
Bankinter	7850	7670	7700	7980
Bco Centro Hisp	2865	2760	2845	2900
Bco Popular	8620	8390	8610	8690
Bco Santander	4570	4345	4425	4610
CEPSA	4500	4375	4390	4550
Continente	2930	2850	2920	2935
Corp Mapfre	7740	7430	7560	7900
Endesa	2710	2680	2700	2735
FECSA	1175	1145	1160	1180
Gas Natural	7000	6730	6900	7120
Iberdrola	1780	1745	1760	1795
Pryca	2450	2300	2400	2475
Repsol	6600	6390	6490	6600
Sevillana Elec	1335	1305	1310	1335
Tabacalera	10690	10300	10500	10700
Telefonica	4320	4150	4220	4350
Union Fenosa	1395	1340	1380	1410
Valenc Cement	2845	2800	2805	2845

Manila
PSE index: 1832.91 Previous: 1928.97

	High	Low	Close	Prev.
Ayala B	13	12.75	12.75	13
Ayala Land	14	13	13.50	13.75
Bk Philip Isl	99.50	95	95	99.50
C&P Homes	3.15	3	3.05	3.25
Manila Elec A	71.50	69	69.50	72
Metro Bank	282.50	257.50	265	282.50
Petron	4.40	4.25	4.25	4.40
PCIBank	142	137	140	141
Phil Long Dist	900	820	845	910
San Miguel B	48	41.50	42	49
SM Prime Hdg	6.50	6.10	6.10	6.50

Mexico
Bolsa index: 4991.94 Previous: 5299.19

	High	Low	Close	Prev.
Alfa A	70.00	67.40	67.40	71.00
Banacci B	22.90	22.20	22.25	22.40
Cemex CPO	38.20	36.10	36.10	38.85
Cifra C	16.04	15.16	15.24	16.30
Emp Moderna	39.70	38.90	38.90	40.50
Gpo Carso A1	60.00	57.50	57.50	61.30
Gpo F Bcomer	3.22	3.16	3.17	3.33
Gpo Fin Inbursa	33.85	32.30	32.30	34.45
Kimb Clark Mex	39.50	36.90	37.00	40.10
Televisa CPO	149.00	148.00	148.60	153.70
TelMex L	20.00	19.16	19.16	20.45

Milan
MIB Telematico: 15712.00 Previous: 15997.00

	High	Low	Close	Prev.
Alleanza Assic	15920	15475	15710	15850
Bca Comm Ital	5145	4965	5100	5200
Bca Fideuram	7180	7000	7020	7150
Bca di Roma	1734	1660	1708	1689
Benetton	28200	27450	27500	28300
Credito Italiano	4675	4525	4570	4710
Edison	9350	9050	9215	9385
ENI	10340	10145	10290	10460
Fiat	6250	6050	6170	6300
Generali Assic	39100	38050	38800	39150
IMI	17450	16900	17110	17570
INA	2575	2515	2565	2570
Italgas	6060	5865	5925	6070
Mediaset	8445	8270	8300	8370
Mediobanca	13400	13005	13150	13445
Montedison	1435	1397	1419	1446
Olivetti	1040	1012	1040	1029
Parmalat	2750	2670	2680	2750
Pirelli	5125	4905	5070	5030
RAS	15380	15100	15220	15495
Rolo Banca	24500	23900	24000	24400
S Paolo Torino	13900	13520	13900	14050
Telecom Italia	11560	11210	11300	11605
TIM	6915	6705	6790	6970

Montreal
Industrials index: 3435.93 Previous: 3518.48

	High	Low	Close	Prev.
Bce Mob Com	45.95	45¼	45¼	46.65
Cdn Tire A	29.65	28¾	29½	30½
Cdn Util A	39.80	39½	39.65	39.85
CT Finl Svc	45¾	45.10	45¾	45½
Gaz Metro	18.70	18.40	18½	18.60
Gt-West Lifeco	32¼	32	32.05	32¾
Imasco	45.70	44.90	45.70	46.10
Investors Grp	43½	43.10	43½	43.10
Loblaw Cos	20¼	20⅛	20½	20¼
Natl Bk Canada	19.70	19	19⅛	19.90
Power Corp	44¼	42½	42¼	45
Power Finl	43.10	42.40	42.40	43.65
Quebecor B	29.90	29¼	29.70	30.05
Rogers Comm B	9.05	8.70	9.05	9.05
Royal Bk Cda	74.10	72	73.40	73.70

Oslo
OBX index: 732.86 Previous: 747.33

	High	Low	Close	Prev.
Aker A	140	136	138	141
Bergesen Dy A	219	213	216	217.50
Christiania Bk	27	26	27	27.60
Den norske Bk	32.60	30.30	31.30	33
Elkem	118	111	118	119
Hafslund A	43	42	43	43
Kvaerner Asa	425	397	409	430
Norsk Hydro	411.50	402	410	417
Norske Skog A	252	247	250	252
Nycomed A	183	181.50	183	182
Orkla Asa A	653	630	642	665
Petm GeoSvc	532.50	510	519	533
Saga Petm A	152	145	152	150
Schibsted	136.50	132	135	136
Transocean Off	N.T.	N.T.	N.T.	410
Storebrand Asa	56	55	55	57

Paris
CAC-40: 2856.87 Previous: 2958.06

	High	Low	Close	Prev.
Accor	1095	1049	1070	1119
AGF	319	310	314.80	318.90
Air Liquide	948	905	920	952
Alcatel Alsth	793	760	783	802
Axa-UAP	405.50	396	398.60	408.50
Bancaire	790	750	752	781
BIC	415	383.10	397.10	410.30
BNP	313	296.60	301.70	320.10
Canal Plus	1058	1027	1045	1036
Carrefour	3335	3270	3284	3281
Casino	337.40	329	335	338
CCF	354.80	341.50	351.50	362
Cetelem	640	623	635	647
Christian Dior	677	631	650	697
CLF-Dexia Fran	593	576	581	595
Credit Agricole	1311	1311	1311	1311
Danone	909	870	887	905
Elf-Aquitaine	775	746	753	779
Eridania BS	865	840	840	865
Eurodisney	8	7.85	7.85	7.90
Eurotunnel	5.55	5.20	5.55	5.65
France Telecom	208.80	203.60	206.40	210.80
Gen. Eaux	688	665	670	687
Havas	402	391.20	396	400.60
Imetal	670	641	668	665
Lafarge	404	382	392.50	404
Legrand	1148	1091	1091	1142
L'Oreal	2185	2060	2082	2201
LVMH	1064	1012	1034	1108
Michelin B	353	340.50	341.20	356.70
Paribas A	461.90	445.50	451	463.90
Pernod Ricard	284	276.50	276.50	287
Peugeot Cit	779	746	750	783
Pinault-Print	2636	2504	2600	2688
Promodes	2009	1910	1936	2019
Renault	173	165	169	172.50
Rexel	1627	1560	1560	1640
Rh-Poulenc A	250.90	241	246	256
Sanofi	514	488	493	514
Schneider	356.20	342	346.40	362.40
SEB	713	682	698	724
SGS Thomson	474	451	467	493.90
Ste Generale	914	873	880	920
Sodexho	2900	2785	2810	2921
St Gobain	887	855	876	884
Suez (Cie)	14.85	14.85	14.85	14.95
Suez Lyon Eaux	620	599	600	624
Synthelabo	668	654	664	672
Thomson CSF	180	173	173.60	178.80
Total B	653	626	637	654
Usinor	114	108.20	110.50	116.50
Valeo	415	385	403.60	401

São Paulo
Bovespa index: 11913.70 Previous: 12955.68

	High	Low	Close	Prev.
Bradesco Pfd	11.99	11.26	11.30	12.29
Brahma Pfd	790.00	750.00	765.00	806.00
Cemig Pfd	59.00	56.00	56.31	60.97
CESP Pfd	103.00	97.00	100.51	106.99
Copel	17.60	17.45	17.59	17.59
Eletrobras	640.00	589.00	590.10	659.99
Itaubanco Pfd	670.00	635.00	635.00	680.00
Light Servicios	485.00	455.00	470.00	500.00
Lightpar	394.00	378.00	380.00	407.00
Petrobras Pfd	313.00	298.00	299.00	322.00
Paulista Luz	190.00	184.00	185.00	191.00
Sid Nacional	42.00	40.00	41.50	42.50
Souza Cruz	10.00	9.85	9.90	10.10
Telebras Pfd	151.00	146.00	146.90	161.00
Telemig	178.50	175.15	177.51	190.80
Telerj	170.51	164.99	165.00	179.50
Telesp Pfd	395.00	385.01	386.00	414.50
Unibanco	43.00	40.60	40.60	44.50
Usiminas Pfd	11.05	10.85	11.00	11.32
CVRD Pfd	27.00	25.40	25.50	27.70

Seoul
Composite index: 684.06 Previous: 681.32

	High	Low	Close	Prev.
Dacom	69700	65800	67000	65800
Daewoo Heavy	6310	5850	5880	5850
Hyundai Eng.	17600	16800	17000	17100
Kia Motors	8040	8040	8040	7450
Korea El Pwr	18900	17800	18200	18700
Korea Exch Bk	5120	4800	4850	4860
LG Semicon	27200	24500	24800	26200
Pohang Iron St	55900	53000	55500	55500
Samsung Display	43400	40300	43000	42500
Samsung Elec	61500	58600	61500	60200
Shinhan Bank	8160	7760	8160	7560
SK Telecom	435000	405000	415000	440000

Singapore
Straits Times: 1649.87 Previous: 1731.48

	High	Low	Close	Prev.
Asia Pac Brew	4.90	4.80	4.90	4.92
Cerebos Pac	4.38	4.02	4.38	4.56
City Devlts	7.45	6.90	7.20	7.55
Cycle Carriage	7.45	6.80	6.95	7.50
Dairy Farm Int*	0.94	0.86	0.94	0.94
DBS foreign	15.70	13.50	13.50	16
DBS Land	2.75	2.58	2.70	2.79
Fraser & Neave	8	7.20	7.20	8.10
HK Land*	2.49	2.35	2.45	2.53
Jard Matheson*	5.70	5.15	5.70	5.70
Jard Strategic*	3.54	3.38	3.50	3.60
Keppel A	5.40	5.05	5.15	5.60
Keppel Bank	2.80	2.63	2.74	2.80
Keppel Fels	4.40	4.24	4.30	4.52
Keppel Land	2.83	2.54	2.65	2.86
OCBC foreign	9.50	9.20	9.50	9.70
OS Union Bk F	5.80	5.50	5.75	5.80
Parkway Hdgs	4.80	4.34	4.54	4.88
Sembawang	5.40	4.96	5.20	5.55
Sing Air foreign	10.40	10.10	10.10	10.80
Sing Land	5.15	4.90	4.94	5.10
Sing Press F	21.80	20.90	21	21.30
Sing Tech Ind	2.23	2	2.09	2.24
Sing Telecomm	2.40	2.31	2.32	2.44
Tat Lee Bank	2.63	2.40	2.45	2.63
Utd Industrial	0.84	0.80	0.81	0.86
Utd O Sea Bk F	10.10	9.40	9.55	10.10
Wing Tai Hdgs	2.54	2.39	2.40	2.53

*: in U.S. dollars.

Stockholm
SX 16 index: 3344.98 Previous: 3451.38

	High	Low	Close	Prev.
AGA B	114	109	111.50	115.50
ABB A	94.50	92	93.50	96
AssiDoman	240.50	234	237.50	243
Astra A	123.50	119.50	122.50	125
Atlas Copco A	239	233.50	234.50	243
Autoliv	308	300	301.50	310.50
Electrolux B	659	635	650	665
Ericsson B	372	354.50	357	374
Hennes B	306	298	302	306.50
Incentive A	680	671	675	694
Investor B	382	366	371.50	383
MoDo B	265	255	259	271
Nordbanken	251.50	246	252	253.50
Pharm/Upjohn	258	247	256	261
Sandvik B	247	238	245	248
Scania B	215	212	213	218
SCA B	176	170	174	178.50
S-E Banken A	89	87.50	88.50	88.50
Skandia Fors	370	352	360.50	374
Skanska B	301	296	299	303.50
SKF B	218	210	212.50	216
Sparbanken A	175	171	174.50	176
Stora A	122	117	117.50	124
Sv Handels A	240	233	235	242
Volvo B	219	213	216	222

Sydney
All Ordinaries: 2614.90 Previous: 2682.90

	High	Low	Close	Prev.
Amcor	7.95	7.60	7.70	7.93
ANZ Bkng	10.94	10	10.41	10.86
BHP	15	14	14	14.88
Boral	4.15	4.04	4.12	4.15
Brambles Ind.	29	27.30	27.31	27.80
CBA	17.02	16.31	16.44	16.83
CC Amatil	12.25	11.50	11.85	12.38
Coles Myer	7.20	6.96	7	7.14
Comalco	6.40	6	6	6.40
CSR	5.28	5.10	5.15	5.22
Fosters Brew	2.83	2.77	2.82	2.79
Goodman Fld	2.32	2.23	2.27	2.32
ICI Australia	12.42	11.90	11.95	12.31
Lend Lease	33.40	31	31.19	33.32
MIM Hdgs	1.59	1.47	1.48	1.56
Nat Aust Bank	21.81	20.10	20.75	21.37
Nat Mutual Hdg	2.47	2.20	2.35	2.43
News Corp	7.01	6.86	6.90	6.96
Pacific Dunlop	3.79	3.62	3.70	3.74
Pioneer Intl	4.15	4.04	4.07	4.14
Pub Broadcast	8.70	8.25	8.25	8.64
Rio Tinto	19.92	19.15	19.15	20.22
St George Bank	8.80	8.37	8.42	8.59
WMC	5.91	5.41	5.41	5.86
Westpac Bkng	9	8.66	8.78	8.82
Woodside Pet	12.88	12.52	12.60	12.75
Woolworths	4.85	4.50	4.77	4.80

Taipei
Stock Market index: 7825.81 Previous: 7492.47

	High	Low	Close	Prev.
Cathay Life Ins	131	125.50	131	128
Chang Hwa Bk	101	95	100.50	97
Chiao Tung Bk	70.50	66	70.50	66
China Develpmt	92	85	91.50	86
China Steel	25	24.40	24.80	24.80
First Bank	103	96	103	99
Formosa Plastic	54	52	52.50	53
Hua Nan Bk	106	98	106	100
Intl Comm Bk	58.50	56	58	56
Nan Ya Plastics	56	54	54.50	55
Shin Kong Life	87.50	82	87	82
Taiwan Semi	128.50	120	125	122
Tatung	32.70	31.80	31.80	32.20
Utd Micro Elec	71	67.50	71	66.50
Utd World Chin	58	55	57	56.50

Tokyo
Nikkei 225: 17151.35 Previous: 17607.61

	High	Low	Close	Prev.
Ajinomoto	1050	1010	1010	1050
All Nippon Air	595	585	585	586
Amway	3590	3520	3530	3550
Asahi Bank	696	675	675	700
Asahi Chem	575	560	565	554
Asahi Glass	899	861	890	895
Bk Tokyo Mitsu	1840	1730	1730	1840
Bk Yokohama	540	520	534	540
Bridgestone	2950	2830	2900	2990
Canon	3360	3230	3230	3270
Chubu Elec	2030	1990	1990	2030
Chugoku Elec	1920	1890	1910	1930
Dai Nippon Print	2650	2550	2580	2630
Daiei	595	581	587	592
Dai-Ichi Kang	1090	1020	1030	1100
Daiwa Bank	500	477	482	500
Daiwa House	1170	1110	1110	1170
Daiwa Sec	750	736	740	750
DDI	4800a	4670a	4720a	4780a
Denso	2930	2800	2800	2930
East Japan Ry	5850a	5820a	5850a	5840a
Eisai	1930	1890	1890	1930
Fanuc	5090	4960	4970	5010
Fuji Bank	1250	1190	1190	1240
Fuji Photo	5000	4830	4850	5030
Fujitsu	1480	1450	1450	1460
Hachijuni Bk	1180	1140	1150	1180
Hitachi	1070	1040	1050	1050
Honda Motor	4380	4200	4210	4380
IBJ	1360	1290	1290	1360
IHI	285	265	266	286
Itochu	447	417	417	435
Ito-Yokado	6450	6310	6400	6490
JAL	419	410	411	422
Japan Tobacco	9690a	9450a	9560a	970a
Jusco	2780	2750	2770	2740
Kajima	581	568	578	579
Kansai Elec	2090	2060	2080	2070
Kao	1820	1780	1790	1780
Kawasaki Hvy	360	337	340	357
Kawa Steel	240	220	224	234
Kinki Nipp Ry	680	667	679	678
Kirin Brewery	1080	1010	1010	1070
Kobe Steel	148	138	139	147
Komatsu	720	692	696	718
Kubota	430	416	424	418
Kyocera	7720	7480	7480	7700
Kyushu Elec	1940	1920	1920	1950
LTCB	480	459	465	485
Marubeni	395	370	379	395
Marui	2150	2090	2090	2150
Matsu Comm	4180	4080	4140	4080
Matsu Elec Ind	2250	2220	2220	2250
Matsu Elec Wk	1240	1220	1220	1230
Mitsubishi	1140	1120	1120	1130
Mitsubishi Ch	273	252	255	264
Mitsubishi El	448	430	437	456
Mitsubishi Est	1670	1640	1670	1700
Mitsubishi Hvy	699	667	667	674
Mitsubishi Mat	550	528	534	564
Mitsubishi Tr	1770	1690	1700	1780
Mitsui	986	971	973	987
Mitsui Fudosn	1560	1510	1510	1590
Mitsui Trust	483	468	469	483
Murata Mfg	0	0	0	5540
NEC	1480	1440	1440	1460
Nikko Sec	1800	1740	1740	1740
Nikon	498	480	480	496
Nintendo	11500	11400	11500	11600
Nipp Express	692	671	671	690
Nippon Oil	516	495	497	507
Nippon Steel	281	258	259	274
Nissan Motor	645	604	616	649
NKK	183	173	173	182
Nomura Sec	1590	1530	1560	1600
NTT	1120b	1080b	1080b	1130b
NTT Data	6050b	5930b	5980b	5950b
Oji Paper	627	606	606	627
Osaka Gas	278	259	263	280
Ricoh	1710	1660	1670	1710
Rohm	13400	13200	13200	13300
Sakura Bk	563	520	530	550
Sankyo	4180	4050	4110	4140
Sanwa Bank	1370	1290	1300	1360
Sanyo Elec	430	413	413	424
Secom	8460	8320	8350	8480
Seibu Rwy	4800	4700	4700	4800
Sekisui Chem	926	898	900	900
Sekisui House	1050	1020	1030	1020
Seven-Eleven	9350	9150	9250	9350
Sharp	1030	1010	1020	1020
Shikoku El Pwr	1920	1880	1910	1880
Shimizu	576	555	555	583
Shin-etsu Ch	3290	3140	3140	3180
Shiseido	1780	1700	1730	1770
Shizuoka Bk	1290	1270	1270	1260
Softbank	4200	3800	3900	3900
Sony	11300	10700	10700	11300
Sumitomo	895	870	881	907
Sumitomo Bk	1600	1540	1550	1610
Sumit Chem	442	416	422	442
Sumitomo Elec	1740	1660	1680	1730
Sumit Metal	289	271	273	290
Sumit Trust	1110	1050	1060	1120
Taisho Pharm	3260	3100	3160	3260
Takeda Chem	3580	3490	3500	3590
TDK	10800	10400	10600	10600
Tohoku El Pwr	1960	1930	1950	1930
Tokai Bank	840	810	820	841
Tokio Marine	1390	1340	1360	1390
Tokyo El Pwr	2270	2240	2250	2260
Tokyo Electron	7670	7500	7560	7580
Tokyo Gas	280	266	274	275
Tokyu Corp.	525	500	501	530
Tonen	958	940	942	966
Toppan Print	1620	1560	1580	1630
Toray Ind	724	700	709	699
Toshiba	591	577	577	593
Tostem	1870	1820	1830	1860
Toyo Trust	995	960	964	1000
Toyota Motor	3790	3660	3660	3800
Yamanouchi	3200	3130	3160	3210

a: x 100; b: x 1,000

Toronto
TSE Industrials: 7046.75 Previous: 7162.76

	High	Low	Close	Prev.
Abitibi Cons.	22.45	22¼	22.40	22.85
Alberta Energy	33	32.60	33	33.10
Alcan Alum	45.85	44.85	45.05	46.20
Anderson Expl	16.15	15.70	16.15	16¼
Bk Montreal	61.60	59.80	60½	60.90
Bk Nova Scotia	67	65	65.45	66.85
Barrick Gold	33½	32¾	32.90	32.90
BCE	40.70	40.15	40½	41.85
BC Telecomm	38	37.70	37.80	38.05
Biochem Pharm	40½	39¼	39¼	40.45
Bombardier B	28.35	27.80	27.85	28.45
Cameco	56.45	55	55½	56.40
CIBC	41½	40.35	40¾	41.40
Cdn Natl Rail	77	74.85	76	78.30
Cdn Nat Res	41.40	40.40	41.10	41.40
Cdn Occid Pet	37¼	36.65	36.80	37.40
Cdn Pacific	42.80	42.05	42.45	43¼
Cominco	32	31.40	31.40	32.10
Dofasco	26.80	26.45	26.70	26.90
Domtar	11½	11.45	11½	11.60
Donohue A	29¼	28.70	29¼	29
Du Pont Cda A	34½	34	34¼	34½
EdperBrascan	26½	25.80	26¼	26¼
Euro-Nev Mng	27¼	26½	27.15	26¼
Fairfax Finl	370	364	365	358
Falconbridge	24.80	24.15	24¼	25.10
Fletcher Chall A	22½	22¼	22½	22.40
Franco Nevada	36.95	36.35	36¼	36.35
Gulf Cda Res	12.60	12.35	12½	12.80
Imperial Oil	87.15	84.05	86.90	87.20
Inco	32.30	31.80	31.85	32½
IPL Energy	54½	54.15	54.30	54.90
Laidlaw B	20¼	20¼	20.55	20.85
Loewen Group	35	34½	34.70	35.10
Macmill Bldl	19.55	19¼	19.35	19.85
Magna Intl A	99¼	97.10	98	99½
Methanex	12.20	11.95	12.15	12.30
Moore	25.90	25.10	25.80	26.30
Newbridge Net	81¼	78¼	79	82½
Noranda Inc	26¼	26.35	26.60	27
Norcen Energy	33¼	33	33½	33.40
Nthern Telecom	134.10	131	131.70	135½
Nova	11.70	11.55	11.70	11¾
Onex	37½	36	36½	38
Pancdn Petm	24¾	24½	24.60	24.90
Petro Cda	27.85	27.45	27.60	28.05
Placer Dome	26.90	26.20	26¼	26.20
Poco Petm	13.40	13	13.30	13.45
Potash Sask	120	118	119.20	121½
Renaissance	33.70	33.05	33.55	34
Rio Algom	28.65	27½	27.80	28¾
Rogers Cantel B	23.70	23.05	23.05	23½
Seagram Co	51½	49.80	50.55	51½
Shell Cda A	27¼	26¾	27¼	27
Suncor	50.55	49	49.45	50¾
Talisman Eny	51	49	50.15	51
Teck B	27½	26.30	26.95	27.35
Teleglobe	50	49.65	49¾	50.20
Telus	28.45	27.80	28½	28.65
Thomson	34.85	34⅛	34.70	34¾
TorDom Bank	51½	50	50¼	51
Transalta	19¼	18.90	19	19.30
TransCda Pipe	26.95	26.65	26¾	27.10
Trimark Finl	76.85	74½	74.60	77½
Trizec Hahn	37.15	36½	36.95	37
TVX Gold	7.45	7.20	7.30	7.30
Westcoast Eny	28.85	28½	28.85	28¾
Weston	102.65	99	102.65	106

Vienna
ATX index: 1374.09 Previous: 1418.02

	High	Low	Close	Prev.
Boehler-Uddeh	1030	1002	1004	1035
Creditanst Pfd	759	724	734	764
EA-Generali	3140	3049.45	3050	3131
EVN	1475	1425	1440	1485
Flughafen Wien	510.50	496.45	503	513.50
OMV	1880	1822	1831.50	1891
Oest Elektriz	920.80	909.50	920	925
VA Stahl	589.90	562	565	589.75
VA Tech	2408	2311.90	2311.90	2416
Wienerberg Bau	2522	2459.10	2470	2540

Wellington
NZSE-40 index: 2409.34 Previous: 2435.48

	High	Low	Close	Prev.
Air NZeald B	3.99	3.98	3.98	3.99
Brierly Invt	1.36	1.35	1.35	1.37
Carter Holt ord	3.50	3.45	3.47	3.54
Fletch Ch Bldg	5.40	5.32	5.35	5.37
Fletch Ch Eny	7.95	7.84	7.84	7.89
Fletch Ch Forst	1.82	1.81	1.82	1.82
Fletch Ch Paper	3.18	3.15	3.17	3.17
Lion Nathan	4.07	4	4.03	4.05
Telecom NZ	8.75	8.46	8.54	8.70
Wilson Horton	11.60	11.45	11.60	11.40

Zurich
SPI index: 3617.93 Previous: 3708.66

	High	Low	Close	Prev.
ABB B	1995	1931	1950	2008
Adecco B	540	515	528	549
Alusuisse R	1430	1378	1391	1420
Ares-Serono B	2760	2460	2725	2755
Atel R	851	851	851	865
Baer Hdg B	2364	2300	2310	2365
Baloise Hdg R	2397	2315	2394	2370
BK Vision	1260	1206	1220	1270
Ciba Spec Chem	150	144	147.50	151.75
Clariant R	1159	1126	1139	1169
Crd Suisse Gp R	213.25	205.75	210	215
Elektrowatt B	538	535	537	538
Ems-Chemie	7000	6850	6960	6975
ESEC Hdg	4180	4000	4000	4050
Holderbank B	1360	1281	1300	1385
Liechtenst LB B	568	565	565	568
Nestle R	2110	2044	2054	2138
Novartis R	2292	2220	2264	2318
Oerlikn Buch R	193.25	188	189	193
Pargesa Hld B	1860	1830	1845	1880
PharmVisn B	882	855	870	899
Richemont A	1980	1875	1890	2000
Pirelli PC	344	335	343	343
Roche Hdg PC	12590	12255	12310	12705
SBC R	405.50	395	398.50	409.50
Schindler PC	1710	1630	1675	1725
SGS B	2710	2660	2710	2760
SMH B	865	833	844	876
Sulzer R	1160	1090	1144	1177
Swiss Reins R	2199	2153	2153	2283
SAir Group R	1960	1904	1914	1972
UBS B	1655	1616	1623	1672
Winterthur R	1565	1483	1517	1575
Zurich Assur R	605	589	593	598

The Trib Index

Prices as of 3:00 P.M. New York time.

Jan. 1, 1992 = 100.	Level	Change	% change	year to date % change
World Index	175.46	-1.04	–0.59	+17.65
Regional Indexes				
Asia/Pacific	111.00	-1.43	–1.27	–10.07
Europe	192.14	-1.67	–0.86	+19.19
N. America	210.91	+0.02	+0.01	+30.26
S. America	181.06	-0.78	–0.43	+58.23
Industrial Indexes				
Capital goods	222.13	-1.37	–0.61	+29.96
Consumer goods	197.02	-0.39	–0.20	+22.05
Energy	206.32	-1.85	–0.89	+20.86
Finance	126.57	-1.56	–1.22	+8.68
Miscellaneous	176.06	-3.91	–2.17	+8.83
Raw Materials	181.66	+0.85	+0.47	+3.58
Service	170.01	-0.84	–0.49	+23.81
Utilities	172.01	+2.05	+1.21	+19.90

The International Herald Tribune World Stock Index © tracks the U.S. dollar values of 280 internationally investable stocks from 25 countries. For more information, a free booklet is available by writing to The Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France. Compiled by Bloomberg News.

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ASIA'S CURRENCY CRISIS / *Beijing Watches Warily*

Traders in Hong Kong watching screens during Thursday's tumultuous session.

China Telecom Takes Beating

Phone Firm Drops 9% in First Hong Kong Trading

Compiled by Our Staff From Dispatches

HONG KONG — Amid a rout that hammered China-backed stocks, China Telecom (Hong Kong) Ltd., the territory's largest new share listing, fell 9 percent in its first trading day in Hong Kong on Thursday.

An arm of the Ministry of Posts and Telecommunications, China Telecom fell 1.13 Hong Kong dollars (14.5 cents), to 10.55 dollars, after an 8.2 percent drop in the price of its American depositary receipt shares, which began trading in New York on Wednesday.

"What has happened today is going to force the Chinese government to slow down its plans" for privatization, said Haddon Zia, a manager of China stocks at Prudential Portfolio Managers Asia.

Even China's cut in interest rates, announced in a bid to shore up the nation's stocks just hours before China Telecom began trading, did not help.

From the opening bell, it was apparent that the Chinese mobile-phone company, which was seen by many as a sure money-maker, was going to come up short.

Edmund Harriss, a money manager at Guinness Flight Hambro Asset Management in London, said: "China Telecom was being priced, valued and promoted on the basis that China sentiment was alive and well."

Though the fall in China shares in general hurt China Telecom, investors also had some doubts about the company, Mr. Harriss said, and the price, too, was considered to be high.

In the provinces where China Telecom operates, growth appears to be peaking, Mr. Harriss said, and new subscribers are probably going to produce less revenue and fewer profits.

The firm's executives also failed to reassure investors about the amount of profits that were tied to one-year "interconnection" agreements with the Ministry of Posts and Telecommunications, and revenue-sharing between the two.

"These are subject to change," Mr. Harriss said, and China Telecom could not tell investors that the interconnection agreements "would be struck on a commercially acceptable basis."

Other analysts were more optimistic.

"The performance was acceptable in such a weak market," said Ricky Tam, research manager at Delta Asia Securities.

Of the issue, 144.02 million shares were offered to the public in Hong Kong, while 370.59 million were offered for an international placement outside the United States, Canada and Asia. *(Bloomberg, Reuters)*

Asian Financial Chaos Shakes Beijing

China May Draw the Wrong Lessons From the Debacle, Analysts Fear

By Steven Mufson
Washington Post Service

BEIJING — The stock market and currency chaos is being watched in Beijing with growing anxiety, Chinese officials said Thursday.

Though China's currency is not freely convertible and is generally thought to be fairly valued, the spreading Asian financial debacle will probably make Chinese policymakers more cautious.

"In the wake of the Southeast Asian crisis, we're very cautious," said Chen Yuan, deputy governor of the People's Bank of China, the country's central bank.

The widening currency crisis makes it unlikely that China will make its own currency, the yuan, convertible any time soon. "We don't have a timetable," Mr. Chen said.

A People's Bank of China official on Tuesday estimated that the Hong Kong market was worth more than $1 trillion. If so, this week's slide in stock prices on the Hong Kong exchange has wiped out about $240 billion in equity values.

But China said it had confidence that Hong Kong would be able handle its own affairs, and that it would not intervene with cash to prop up the market.

"Administrative departments will not intervene in the operation of Hong Kong's stock market," Shen Guofang, a spokesman for China's Foreign Ministry, told Reuters.

Joe Zhang, an analyst at Credit Lyonnais in Hong Kong, said that the Hong Kong government would be able to defend the current fixed exchange rate despite heavy pressure from currency traders and panicky investors.

"I'm still a very firm believer that the Hong Kong dollar will be safe over the next two years at least," Mr. Zhang said. "Neither Hong Kong nor Beijing will bend under pressure and they have the resources."

Those resources — more than $80 billion of foreign exchange reserves in Hong Kong and another $130 billion held by Beijing — dwarf other countries' reserves. China holds more than $50 billion in U.S. Treasury bills, a central bank official said this week.

"If you allow the peg to go, capital flight will ensue tomorrow," Mr. Zhang said, explaining why the Hong Kong monetary authority would prop up the exchange rate. "And then the property price tumbles," he added. "Then you have massive defaults on mortgages and then collapse of the banks and then the collapse of the economy."

The turmoil Thursday sparked a small but discernible scramble to dump the local currency, the Hong Kong dollar, as investors began converting their money in the U.S. dollar for safety. Some investment counselors said they were urging their clients to switch to the U.S. dollar until the current crisis eases.

Mr. Chen, the central banker, said that since the Southeast Asian currency collapse, China itself had "lost some competitiveness in terms of exports." But he noted that China was still running a trade surplus.

China unified and adjusted its previously dual exchange rate on Jan. 1, 1994. The Chinese currency has been considered undervalued since then, but — at about 8.28 yuan to the dollar — it now looks about right to many business executives.

China's ambitious plans to sell shares of stock in state-owned enterprises might also have to be spread out or slowed down, say investment bankers, lawyers and analysts.

Indeed one factor contributing to the downward pressure in Hong Kong was the poor performance by a Chinese company that offered shares for the first time on the Hong Kong exchange. Earlier this year, almost any company with political or corporate connections to mainland China could sell shares in Hong Kong at towering premiums and frequently finished their first days of trading at two or three times the initial offering price.

But this week's initial public offering by China Telecom fell flat, closing Thursday at 10.55 Hong Kong dollars, down 1.33 dollars from its 11.68-dollar offering price.

"What's going on in Southeast Asia is starting to taint what's going on here," said Denis Fred Simon, director of the China strategy group of Andersen Consulting, in Beijing. "China is counting on international capital to help with enterprise reform and if that capital starts to go elsewhere that will create some real problems."

Mr. Zhang, the Credit Lyonnais banker, said that one negative side effect in China of the Asian financial crisis could be psychological. "Beijing could become more cautious and that would be undesirable," he said. "The government needs more courage to push forward on financial, trade and state sector reform. The crisis will only make it more hesitant."

South Korean Stocks Reel as Overseas Investors Bail Out

Reuters

SEOUL — South Korea's stock market is reeling under a persistent pullout by overseas investors who sold a net 60.8 billion won ($66 million) worth of shares Thursday, the Securities Supervisory Board said.

Non-Korean investors have sold a net 535.8 billion won worth of shares so far this month, mainly blue-chip stocks.

Analysts and brokers said there was little chance of the sell-off ending soon because of South Korea's uncertain economic situation, compounded by financial problems in elsewhere in Asia.

The government's move Wednesday to put Kia Motors Corp. and Asia Motors Co. into court receivership would not reverse foreigners' inclination to sell, they said.

The composite stock price index closed Thursday at 604.06, up 2.74 points, after a day of volatility, with heavy foreign selling that undermined domestic institutional support. At one point, domestic buying had pushed the index up more than 13 points.

On Wednesday, the index jumped 6.08 percent, the biggest one-day gain in the history of the Korea Stock Exchange, on the decision to put the Kia units into receivership.

But there have been no signs of improvement in overseas investor sentiment, which is seen as a key to the market's recovery.

Analysts said the South Korean market was suffering from a spillover of the sharp declines in other Asian markets, particularly the 10.4 percent plunge of the Hong Kong market Thursday.

"Korea is not an isolated incident, but part of an Asian phenomenon," said Kang Chang Hee, managing director at Daewoo Securities.

An analyst at Schroders Securities said, "Foreign funds will continue to flee Asian markets, and it will hurt South Korea as well."

A volatile currency market is also working against the stock market, with the South Korean won apparently poised to fall to record lows.

The won closed Thursday at 921 to the U.S. dollar, down 0.6 percent. "The won, even at this level of around 920, is seen as overvalued by many foreign investors," said Kwon Oh Soon, senior analyst at Hannuri Investment & Securities.

RISK: *Crisis Threatens Economic Hardship for Area but Should Not Disrupt World Financial System*

Continued from Page 1

markets from Japan to Australia. The Hong Kong stock index fell 16 percent in just 48 hours.

In Europe, stock-exchange indexes also dropped, for two reasons. Some investors fear the Asian crisis will affect European exports and are unloading the shares of companies that either export to East Asia or have big investments there. Also, the psychological impact of the sell-off across Asia has had a contagious effect in Europe.

Finance officials around the world are increasingly concerned about the Asian crisis, which they say is being driven mainly by a loss of investor confidence in Thailand and by a negative mood swing in general market sentiment that tends to lump together all of the economies in the region, be they well managed or poorly managed.

On Thursday, France's finance minister, Dominique Strauss-Kahn, said the IMF should become involved in calming the crisis. "The risk of instability is very great," he said. This point of view was echoed by the newspaper Le Monde, which carried a front-page article Thursday warning that the crash of Asian markets could threaten economic growth in Europe and destabilize the world financial system.

A senior international financial official, speaking on condition that he not be named, on Thursday termed the Asian market crisis "a significant and yet unwarranted contagion" that stemmed from the Thai crisis and would continue "until investors become convinced that the countries hardest hit are doing what needs to be done to reform their economies."

Andrew Freris, an economist at the Hong Kong branch of Bank of America, said that "what is really driving market sentiment is an inability to differentiate between problems in different countries." This, said Mr. Freris, meant that "you have an aggregation of the Thai problem into a broader pan-Asian problem, and in Hong Kong a disbelief that a pegged currency can actually stay pegged."

Mr. Freris and some other economists predicted that the Hong Kong authorities would keep interest rates high as a way of attracting funds into Hong Kong to prop up the currency. But he also admitted that high interest rates in Hong Kong and elsewhere could have "a definite impact on consumption and on economic growth" in the region.

He also pointed out that despite the assurances given by Hong Kong officials that they would defend the Hong Kong dollar's link to the U.S. dollar "this is now a political and not an economic decision because if they let the peg go now it would make China look bad in the eyes of the world."

Mr. Freris said it was "hard to imagine the Chinese throwing the peg out the window without a fight after 14 years of it having been successfully pegged by the British."

Mr. Severino said that among the reasons for the new phase in the crisis was the fact "that some Asian countries under fire have not been successful or fast enough in fixing their problems."

Thailand and Indonesia "have been a bit slow," Mr. Severino said in a telephone interview from Washington on Thursday. "Malaysia is a stronger economy but the ringgit was clearly overvalued and Prime Minister Mahathir's rhetoric has not been helpful. The Philippines has been more discreet and has taken the right steps, but investors may be concerned about the political situation there."

The speed with which some East Asian economies have been taking steps to clean up their financial systems, especially in countries where bank lending to real estate and other risky ventures has been bloated, is at the heart of a political problem that lies behind the financial crisis.

In some countries the authorities appear unwilling to do what international financial officials are recommending, namely to let a number of finance companies and banks go bankrupt or be merged quickly, in part because they do not want to hurt their political cronies or financial backers who control these institutions.

BRIEFLY

Currency Crisis Costs Hanoi Millions in Trade

HANOI — Southeast Asia's currency crisis has cost Vietnam about $350 million in lost exports, a local newspaper reported Thursday, quoting the deputy trade minister.

At the current rate, that figure could climb to as much as $500 million by the end of the year, the state-controlled Saigon Times Daily said.

The deputy trade minister, Mai Van Dau, said the region's spate of currency devaluations had hurt exports of peanuts and construction materials to Japan and Singapore, the newspaper reported.

Quoting Mr. Dau, the report said that in the first nine months of the year, Vietnam exported 63,000 tons of peanuts, compared with year-earlier shipments of 130,000 tons. *(AP)*

U.S. Rues the Crisis, Envoy Says

SYDNEY — Nothing could be more wrong than the belief in some parts of Southeast Asia that the United States and developed countries welcome the currency crisis afflicting their nations, the U.S. ambassador to the Asia-Pacific Economic Cooperation forum said Thursday.

In a satellite news conference with reporters in Sydney, Beijing, Seoul, Manila and Singapore, Ambassador John Wolf said the United States had fought three wars to keep Asia free and said millions of American jobs depended on Southeast Asia's well-being.

"When Asia hurts, we hurt too," he said. *(AP)*

Malaysia Plans to Go It Alone

KUALA LUMPUR — Malaysia does not need assistance from the International Monetary Fund to overcome its current economic crisis, the deputy prime minister and finance minister, Anwar Ibrahim, said Thursday.

The problems include the continuing fall of the ringgit against the dollar, the continuing drop of share prices on the stock exchange and slower economic growth. *(AP)*

Outlook Flat for Asian Car Sales

TOKYO — The president of Toyota Motor Corp., Hiroshi Okuda, said Thursday he expected the car market in Southeast Asia to remain stagnant for the next two years because of the current currency turmoil.

"We must be patient for the next two years because of the recent economic troubles," Mr. Okuda said on the eve of the opening of the Tokyo Motor Show. *(Reuters)*

Indonesia to Keep 'National Car'

JAKARTA — Indonesia's trade and industry minister, Tunky Ariwibowo, told the International Monetary Fund on Thursday that the country had no plans to scrap its "national car" project, one of the spending plans that many analysts say they would like to see abandoned.

"The Indonesian people need this car because it's such a large country," he said.

President Suharto's youngest son, Hutomo (Tommy) Mandala Putra, controls PT Timor Putra Nasional, which was given exclusive tax and other financial breaks in 1996 to produce a car that is eventually supposed to be 100 percent locally made. For now, it is selling South Korean-made Kia cars under its brand name. *(Bloomberg)*

Taiwan Bank Governor Assailed

TAIPEI — Opposition lawmakers demanded that the Central Bank governor step down Thursday, accusing him of bowing to political pressure in abandoning the defense of Taiwan's currency.

The legislators called the governor, Shen Yuan-dong, "the root of our financial upheaval" and blamed him for steep falls in the currency and stock markets in recent days.

The Central Bank has spent at least $5 billion to try to prop up the Taiwan dollar during the Southeast Asian currency crisis that began in July. *(AP)*

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ASIA'S CURRENCY CRISIS / *New Fears for Japan's Recovery*

Tokyo's Banks and Exports Shudder

Susumu Takahashi/Reuters

Tokyo businessmen walking under a board flashing Thursday's stock decline.

By Velisarios Kattoulas
International Herald Tribune

TOKYO — Japanese stock prices slid to their lowest levels in more than two years Thursday, as the plunge in Hong Kong ignited fears about the impact of turmoil in Southeast Asia on Japan's stuttering economy.

In particular, analysts warned that Hong Kong companies could struggle to repay a significant chunk of the $90 billion or so they owe Japanese banks.

They also warned that the broader Southeast Asian downturn could hurt demand for Japanese goods, and, ultimately, undermine Tokyo's battle to rejuvenate the economy after a half-decade in the doldrums.

For Japan, Southeast Asia, including Hong Kong, is both one of the biggest recipients of its overseas loans and investments and one of the largest markets for its goods.

The Nikkei average of 225 selected issues plunged 536.06 points, or 3 percent, to end at 17,151.55, its lowest close since August 1995.

Shares in banks were hit especially hard because they are seen as the biggest sufferers from Southeast Asia's economic troubles. As a group, they slid 3.75 percent.

Among the big losers, Bank of Tokyo-Mitsubishi shares fell 110 yen to close at 1,730 ($14.32); Dai-Ichi Kangyo Bank Ltd. shares fell 70 to 1,030, and Sanwa Bank Ltd. shares fell 60 to 1,300.

According to James Fiorillo, a financial analyst at ING Baring Securities in Tokyo, Japanese banks had lent some $87.5 billion to companies in Hong Kong by the end of last year.

Under a scenario in which 20 percent of those loans go bad, Japanese banks would suffer a 5 percent leap in bad debts from an estimated $350 billion to approaching $370 billion.

Analysts pointed out that the bulk of Japanese lending was to Hong Kong real estate companies. Most worrying, they stand to suffer the most from the sharp increases in interest rates in Hong Kong. Designed to make it harder for speculators to devalue the Hong Kong dollar, higher interest rates drive up the cost of bank loans and discourage people from buying property.

Thus, an extended period of high rates could trigger a sharp downturn in the real estate market in Hong Kong.

At the same time, it could also send bad debt rates soaring at Japanese banks, analysts said.

"A real-estate collapse in Hong Kong would be cataclysmic," Mr. Fiorillo told Bloomberg News. "It's no joke."

Underlining the impact Southeast Asia's weakness is already having on Japanese manufacturers, Toyota Motor Corp., Japan's largest carmaker, said Thursday that it would make no new investments in Southeast Asia for at least the next two years.

"We must be patient for the next two years because of the recent economic troubles," Hiroshi Okuda, Toyota's president, said. "Consumers are bound to be very careful — that's why I am saying two years."

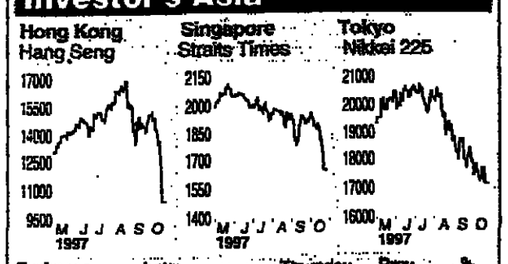
For now, Southeast Asia's troubles appear to have had little impact on Japan's broader economy, because its own problems still dwarf those of Southeast Asia.

But Mr. Okuda said he feared the troubles in Southeast Asia could spill over into 1999. And analysts said that should be prove right, corporate Japan could wind up regretting its heavy involvement in the Hong Kong real estate sector and its growing reliance on Southeast Asian consumers to buy its televisions and Walkmans.

"Japan's been expecting problems to hit Southeast Asia," said Francis Kirkpatrick, global head of sales for Japanese financial products at ING Barings Securities in London.

"What's more interesting is what will happen next in Southeast Asia, and how that affects Japan."

Investor's Asia



Exchange	Index	Thursday Close	Prev. Close	% Change
Hong Kong	Hang Seng	10,426.30	11,637.77	-10.41
Singapore	Straits Times	1,649.87	1,731.68	-4.72
Sydney	All Ordinaries	2,614.90	2,682.61	-2.52
Tokyo	Nikkei 225	17,151.55	17,687.60	-3.03
Kuala Lumpur	Composite	706.45	731.17	-3.38
Bangkok	SET	Closed	511.58	-
Seoul	Composite Index	604.06	601.32	+0.46
Taipei	Stock Market Index	7,825.01	7,692.47	+1.72
Manila	PSE	1,892.91	1,928.97	-1.88
Jakarta	Composite Index	494.14	505.23	-2.20
Wellington	NZSE-40	2,606.36	2,635.48	-0.99
Bombay	Sensitive Index	4,069.77	4,082.70	-1.79

Source: Telekurs International Herald Tribune

Very briefly:

• **Germany** has cut off dealings with Vietnam's largest commercial bank, **Vietnam Commercial & Industrial Bank,** over its failure to honor guarantees for export payments

• **Aetna Life & Casualty Co.** said it had been granted permission to operate a life-insurance joint venture in China with **China Pacific Insurance Co.**, the country's second-largest insurer.

• **The Asian Development Bank** approved a $105 million loan to help bring roads, irrigation and drinking water to rural Vietnam.

• **Kia Group** said it would take its creditors to court to fight their decision to put Kia Motors Corp. in court receivership and then turn it over to the state, denouncing the government-initiated move as unilateral and unfair. Separately, analysts predicted that **Samsung Group** would eventually buy Kia Motors from the government.

• **Japan's** so-called diffusion index of leading economic indicators rose to 27.8 in August from 22.2 in July but showed the economy continued to suffer from sagging consumer spending and capital investment after tax increases imposed April 1. It was the seventh time in eight months that the index had been below the "boom or bust" level of 50.

• **The Singapore International Monetary Exchange** increased margin requirements, or payments needed to hold a position, for futures contracts on Morgan Stanley Capital International's **Taiwan** index, effective Friday. The initial margin is now $4,000, changed from $2,700, while the maintenance margin was raised to $3,200 from $2,160. The changes were made to reflect the increased volatility on the underlying Taiwan market.

• **Vietnam's** year-on-year inflation rate rose to 4.3 percent in October from 4.0 percent in September.

• **Escorts Ltd.**, an Indian maker of motorcycles, auto parts and cranes, said profit rose 52 percent, to 552.5 million rupees ($15.3 million) in the six months that ended Sept. 30 from 363 million rupees a year earlier. In the latest half, the company posted one-time gains of 160 million rupees. Sales rose 29 percent, to 6.55 billion rupees.

• **Telstra Corp.**, Australia's leading telephone company, is considering taking a stake in **World Partners Co.**, which manages a global network alliance led by **AT&T Corp.**

• **Malaysian Airline System Bhd.** said flight cancellations because of the smog blanketing Southeast Asia had caused 6.5 million ringgit ($1.9 million) in losses in recent months.

AFP, AP, Bloomberg, Reuters

Police Raid Mitsubishi

3 Executives Are Held Over Gangster Payoffs

Compiled by Our Staff From Dispatches

TOKYO — The police raided the headquarters of Mitsubishi Motors Corp. on Thursday after arresting three company executives on charges of making illegal payments to suspected racketeers.

It was the eighth such case brought against a major Japanese company this year.

Mitsubishi Motors' assistant managing director, Atsushi Ueba, 56, and two other company executives are suspected of having funneled more than 9 million yen ($74,503) to so-called *sokaiya*, or racketeers, over the past two years, a Tokyo Metropolitan Police Department official said.

Mitsubishi Motors' president, Takemune Kimura, said the company had paid as much as 23.5 million yen to racketeers since 1989, a year after the company listed its shares on the stock market. Payments made more than three years ago fall outside a statute of limitations for prosecution, according to Japanese news reports.

Mr. Kimura denied having previous knowledge of the payoffs.

Japanese newspapers reported that more than a dozen other companies also had transferred funds to the account used by Mitsubishi Motors for channeling money to the racketeers.

Prime Minister Ryutaro Hashimoto expressed concern over the latest revelations of corporate misdeeds but encouraged prosecutors to "*investigate as much as possible*," the Kyodo news agency reported.

The three Mitsubishi Motors executives were arrested late Wednesday for allegedly paying two suspected racketeers, Terubo Tei and Kaoru Hamada, protection money to ensure that Mitsubishi Motors' annual shareholder meetings would not be disrupted. Mr. Tei and Mr. Yamada were also taken into custody, police said.

Sokaiya are gangsters who threaten to disrupt shareholders meetings by disclosing embarrassing information about board members or their business decisions. Their close ties to Japanese organized crime lead some executives to fear physical violence as well.

Once commonplace, payments to sokaiya were banned under Japan's Commercial Code in 1982. But severing corporations' ties to the underworld has proved difficult.

On Monday, police arrested an executive of Matsuzakaya Co., a large department-store operator, on charges of paying off a racketeer before the company's 1996 shareholder meeting.

Other companies with senior officials suspected of making illicit payments to sokaiya include the food-additive maker Ajinomoto Co., Dai-Ichi Kangyo Bank Ltd. and all four of Japan's biggest securities companies.

Separately, Tokyo prosecutors brought charges against Yamaichi Securities Co., one of Japan's largest brokerages, and seven former executives of the company for illegally reimbursing Showa Leasing Co. for 316.9 million yen in investment losses.

"I think the police are working much more closely with the firms to help them to extract themselves from these relationships, and I think the firms are much more willing to do that," said James Fiorillo, senior analyst at ING Barings. *(AP, AFP)*

Kimimasa Tabuchi/The Associated Press

Mr. Kimura announcing the arrests Thursday.

■ Profit Hit at 'Big 4'

Japan's four major securities houses said they expected a scandal involving alleged illegal payoffs to a corporate racketeer to have a negative impact on their second-half performances, Agence France-Presse reported from Tokyo.

Nomura Securities Co., which in May disclosed its involvement with a gangster, said trading volume in the six months ended in September had been "substantially" reduced by administrative sanctions imposed on the company as a punishment by the Finance Ministry.

All four companies posted lower earnings for the six months ended in September and declined to make a forecast for the full year ending in March.

For the first half, Yamaichi said it had a consolidated pretax loss of 4.1 billion yen, and Nikko Securities Co. said its profit plunged 99 percent, to 283 million yen.

Daiwa Securities Co.'s consolidated pretax profit declined 31 percent from the year-earlier period, to 22.7 billion yen, and Japan's largest broker, Nomura Securities Co., said profit slumped 36 percent, to 48.1 billion yen.

RIPPLE: *Hong Kong Stocks' Fall Hits Europe*

Continued from Page 15

the deepening economic downturn in Asia, analysts said. France sends just 6.3 percent of its exports to Southeast Asia, for example. Independent Strategy, a London advisory firm that has been fairly bearish about the prospects for Asia, estimates that a halving of the growth rate of Asia's tiger economies would depress the European economy by a barely measurable 0.1 percent.

The drop in stocks was offset in part by a rally in bond prices as many investors sought a safer haven for their money. The yield on Germany's benchmark 10-year bond fell to 5.70 percent from 5.76 percent on Wednesday, for example.

The relative moves of stocks and bonds provided some of the best grounds for optimism that the markets were not on the verge of repeating the 1987 collapse.

Mr. O'Dell of UBS said stocks in most European markets had been about 10 percent overvalued relative to bonds, but Thursday's price swings narrowed that gap to about 5 percent. Prior to the 1987 crash, stocks were as much as 35 percent overvalued to bonds in some markets, he said.

Mr. May said the world economy was better placed today to ride out any financial turmoil because of the globalization of trade and the absence of serious inflation pressures that could drive up interest rates.

Still, some analysts said the European economy was vulnerable now because interest rates are on the rise at home.

Francois Chanchat, strategist at the Paris brokerage of Chevreu de Virieux, said the recent rise in the Bundesbank's key money-market rate to 3.3 percent has spread uncertainty in Europe.

Rates are headed up, but nobody knows by how much because the increase is part of a convergence of national rates as Europe approaches the 1999 start of monetary union.

"What has occurred today is a dramatic deterioration in confidence," Mr. Chanchat said.

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The Associated Press.

NYSE

Thursday's 4 P.M. Close

(Continued)

WORLD ROUNDUP

Another Record for the Chinese

ATHLETICS Another member of "Ma's Army" smashed the women's 5,000-meter world record by more than three seconds Thursday, leading again to speculation about drug use by Chinese athletes.

At the same time, a Chinese woman weight-lifter was stripped of a bronze medal at the National Games in Shanghai after testing positive for a banned substance, and a Chinese man broke a weight-lifting record that the world governing body said it would not recognize because of concerns over athlete supervision.

Jiang Bo was timed in 14 minutes 28.09 seconds at the games, breaking the 5,000 record set two days earlier by a teammate, Dong Yanmei, also coached by Ma. Dong was second in 14:29.82, also under her previous mark.

Ma, who denies giving his athletes illegal or performance-enchancing drugs, said the time was right for a Chinese track comeback after a two-year slump. *(AP)*

Gretzky's Wife Is Injured at Game

HOCKEY Janet Gretzky, the wife of Wayne Gretzky, left a hospital Thursday after being treated for a mild concussion when a pane of plastic glass was knocked loose and struck her during a National Hockey League game at Madison Square Garden. She was also briefly unconscious and suffered a cut lip. She was sitting near center ice Wednesday night when the Rangers' Ulf Samuelsson checked the Chicago Blackhawks' Sergei Krivokrasov into the boards, knocking the thick pane onto her. *(AP)*

Krajicek Upsets Sampras in Germany

TENNIS Richard Krajicek upset the top-ranked Pete Sampras, 6-4, 6-4, Thursday in the third round of the Eurocard Open in Stuttgart, while Patrick Rafter, the U.S. Open champion, had to battle from behind to advance. Sampras lost only for the 10th time this year, against 46 victories. "He played some great tennis and he served huge," Sampras said of Krajicek, who now holds a 4-2 career edge over Sampras. Rafter overcame a German qualifier, David Prinosil, 3-6, 6-2, 6-1. *(AP)*

A Winter Olympics With No Downhill?

OLYMPICS The Winter Olympics will essentially be stripped of the most glamorous skiing event if the course for the men's downhill is not lengthened, the head of the international ski federation said Thursday in Tignes, France. Marc Hodler, president of FIS, said leaving the course as currently set would turn the downhill into little more than another super-giant slalom. "I don't want to give two medals, each for the super-G," he said. *(AP)*

Be Careful, Grand Prix Drivers Are Told

AUTO RACING Formula One's governing body has warned drivers that they will be penalized if they deliberately crash into Jacques Villeneuve or Michael Schumacher in the decisive final race of the season Sunday. Ferrari's Schumacher leads the drivers' championship by one point over Williams' Villeneuve going into the European Grand Prix in Jerez, Spain. *(AP)*

Long Night for Newcastle

But Coach Is Upbeat After a 1-0 Loss to PSV

By Peter Berlin
International Herald Tribune

EINDHOVEN — Sometimes, listening to soccer managers talk can make sane people feel they are losing their grip on reality.

On Wednesday night, after their teams had played in the Champions' League, Dick Avocaat, the manager of PSV Eindhoven, and Kenny Dalglish, the manager of Newcastle United, gave a particularly surreal performance.

PSV had just won, 1-0, its first-ever victory in Champions League play. Yet, Avocaat wore a serious expression.

Newcastle had lost for the first time. Defeat left it two points behind the Group C leader, Kiev. Newcastle's two England international midfielders — David Batty and Robert Lee — received yellow cards and will be suspended when PSV visits Newcastle Oct. 5. Dalglish was smiling.

On Tuesday, the extremely defensive team Dalglish selected was cumbersome in defense, overrun in midfield and toothless in attack. Newcastle managed two shots, both angled drives by winger Keith Gillespie that flew straight at Ronald Waterreus, the PSV goalkeeper.

Newcastle threatened the PSV goal only twice after Wim Jonk gave PSV the lead in the 28th minute with a sweetly struck volley.

Dalglish started with only one real striker, Ian Rush, 36, and had none on the bench. Nearly 40 minutes after the

EUROPEAN SOCCER

goal, Dalglish introduced his one attacking option, midfielder Timur Ketsbaia, who promptly beat two PSV players, raced to the edge of the penalty area and then blasted his shot high over the goal. In the end, Newcastle was lucky to get even zero.

Dalglish must have seen a different match.

"It was a good performance," he said. "Better than the performance we put on in Kiev," where two wildly deflected second half shots gave Newcastle a fortuitous 2-2 draw. "The lads played well. It was always going to be a difficult match. It's just unfortunate we didn't come away with a result."

Advocaat uses the same speechwriter.

"PSV played very well," he said. His team played "a very organized match. 1-0 is a good result, a logical result."

What followed left Advocaat's translator unable to believe his ears. "Newcastle have played very well in Europe but not in the English Premier League," he translated. Not at all an unreasonable statement — Newcastle lost, 4-1, at Leeds on Saturday. But Advocaat cut in. After a whispered conference the translator corrected himself: "They have played very well in Europe, and in the Premier League."

Dalglish gave a grin, muttering: "And if we win all our games in hand we'll be top of the league," in a tone which suggested even he did not believe what he was saying.

The greatest threat to soccer managers' sanity is that they are expected to control events that are largely beyond their control.

Before the season, Dalglish had three star strikers. Alan Shearer tore an ankle ligament and won't be back this year. Faustino Asprilla, who had scored five goals in three European matches, tore a stomach muscle in Kiev and may be back next month. The third, Les Ferdinand, was sold to Tottenham Hotspur, where he is out, injured, to help balance the club's books.

Jerry Lampen/Reuters
Newcastle United's Steve Watson leaping for ball as Eindhoven's defense moved in.

The club's balance sheet was in tatters when Dalglish's predecessor, Kevin Keegan, resigned ahead of Newcastle's stock market flotation last spring. Maybe that is the source of Dalglish's good humor — the club may be in a mess, but it's not his mess.

When asked if his team missed Shearer or Asprilla, Dalglish clung to the sort of cliché that keeps managers sane: "The important players are the ones who are fit."

When asked if his team would miss Batty and Lee, he cheerfully reversed himself: "Any player we're missing is a key player."

The new rule that allows second-place teams into the Champions League makes room for clubs like Newcastle, which has been unable to win big matches under pressure. Certainly Dalglish acted throughout as if he had not expected to win on Wednesday and was not terribly disappointed to have lost.

Group C contains another league runner-up: Barcelona. It is having the sort of comically disastrous campaign that used to be the exclusive property of Glasgow Rangers. Barcelona's high priced team lost, 3-0, in Kiev on Wednesday and sits at the bottom of the group with just one point. If it wins all three of its remaining games, Barcelona could, with a lot of luck, qualify for the quarterfinals. Still, Dalglish drew some consolation from its fate.

"There's always someone worse off than yourself," he said, with his biggest grin of the night.

Hope Fades for Barcelona

Reuters

LONDON — Barcelona's hopes of reaching the later stages of the European Cup now seem to have dimmed after the team was beaten at Dynamo Kiev, 3-0.

While three other former winners — Real Madrid, Bayern Munich and Manchester United — all claimed their third successive victories Wednesday night, the 1992 champions suffered their second defeat in three games in Group C of the Champions' League.

The defending champion, Borussia Dortmund, lost at Parma, 1-0.

With only the group winners and two of the six runners-up advancing to the quarterfinals, Barcelona is already six points behind Kiev at the halfway point of the six-match group stage.

Serhiy Rebrov and Yuri Maximov had given the Ukrainians a 2-0 lead by halftime, and it was all over for Barcelona when their goalkeeper, Ruud Hesp, was ejected after an hour.

Barcelona's great rival, Real Madrid, seems poised to qualify from Group D after a 5-1 home victory over Olympiakos. Real Madrid now has a maximum nine points.

Rosenborg is second in the group after a 2-0 victory over

CHAMPIONS' LEAGUE

Porto in Norway. It was the third straight defeat for the Portuguese team.

Bayern Munich posted an impressive 5-1 home victory over its main Group E rival, Paris Saint-Germain.

Bayern also moved to the maximum nine points, with Besiktas of Turkey second after a 1-0 victory over IFK Gothenburg with Zlatko Yankov chipping in the goal after just six minutes. PSG has three points to none for the Swedes.

Manchester United became the third team to claim maximum points by edging Rotterdam Feyenoord, 2-1, at Old Trafford stadium.

Paul Scholes scored the first goal during the first half and Denis Irwin added one in the 73rd-minute. A late breakaway goal by Henk Vos came too late for the Dutch, who stay third on three points.

Juventus, which lost to United three weeks ago, handed Kosice its third successive defeat, 1-0, in Slovakia to take the Italians to six points.

Hernan Crespo gave Parma a 1-0 victory over Dortmund, currently third from the bottom in the Bundesliga. It was Parma's 15th successive home victory, which took the Italians to the top of the standings with seven points — one ahead of Dortmund.

Sparta Prague, which beat Galatasaray, 3-0, is third with four points with the Turks still seeking their first point.

Monaco hammered Belgium's Lierse, 5-1, and goes to the top of the standings in Group F with six points.

Bayer Leverkusen also has six points after a 2-0 victory at Sporting Lisbon. With four points, Sporting drops to third.

Shinzo Kamboyashi/The Associated Press
The Yakult Swallows celebrating their Japan Series title Thursday over the Seibu Lions.

Yakult Swallows Win Japan Series

The Associated Press

TOKYO — Takahiro Ikeyama drove in three runs with a single and a sacrifice fly, and Atsunori Inaba scored a pair to give the Yakult Swallows a 3-0 victory Thursday over the Seibu Lions for their third Japan Series title in five years.

Terry Bross allowed two hits over four innings, and four relievers, including Kazuhisa Ishii, who was credited with the victory, limited Seibu to three more hits the rest of the way as Yakult claimed its fourth series title, 4 games to 1.

"There isn't that big of a difference between the abilities of the two teams," said Yakult's manager, Katsuya Nomura. "But, when you add up the little things, it became kind of one-sided in this series."

It was the third series between the two teams in the last five years, with Seibu winning in seven games in 1992 and Yakult returning to claim the title the following year, also in seven games.

A crowd of more than 33,000 watched the final game at Tokyo's Jingu Stadium.

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SCOREBOARD

BASEBALL

JAPAN SERIES

THURSDAY IN TOKYO
Yakult Swallows 3, Seibu Lions 0
Yakult won championship series 4-1.

BASKETBALL

NBA PRESEASON

TUESDAY'S RESULTS
Boston 99, Orlando 96
Indiana 95, Charlotte 83
Milwaukee 101, Minnesota 90
Denver 101, L.A. Lakers 92
Houston 106, Dallas 97
L.A. Clippers 90, Atlanta 79
Portland 107, Golden State 88
WEDNESDAY'S RESULTS
New York 89, Boston 84
Charlotte 109, Utah 99
Detroit 104, Sacramento 84
San Antonio 112, Dallas 69
Cleveland 95, Minnesota 89
Philadelphia 95, Chicago 87
Seattle 122, Golden State 87
Phoenix 113, Vancouver 83
L.A. Lakers 124, Washington 113

EUROLEAGUE

GROUP B
Turk Telekom 73, PAOK Salonica 67
GROUP D
AEK Athens 79, Alba Berlin 80

ICE HOCKEY

NHL STANDINGS

EASTERN CONFERENCE
ATLANTIC DIVISION

	W	L	T	Pts	GF	GA
Washington	7	2	0	14	33	19
Philadelphia	6	3	1	13	32	23
New Jersey	4	3	0	8	20	16
N.Y. Islanders	3	3	2	8	23	20
N.Y. Rangers	2	4	4	8	22	25
Florida	2	5	1	5	14	25
Tampa Bay	2	6	1	5	15	29

NORTHEAST DIVISION

	W	L	T	Pts	GF	GA
Boston	7	3	0	14	29	23
Ottawa	6	2	2	14	32	23
Pittsburgh	6	3	2	14	30	23
Montreal	4	2	2	10	22	14
Buffalo	3	5	2	8	25	31
Carolina	2	7	2	6	25	36

WESTERN CONFERENCE
CENTRAL DIVISION

	W	L	T	Pts	GF	GA
Detroit	7	1	2	16	38	20
St. Louis	7	2	1	15	34	22
Dallas	5	4	1	11	31	25
Phoenix	4	3	1	9	25	24
Toronto	2	6	1	5	18	29
Chicago	2	7	0	4	12	28

PACIFIC DIVISION

	W	L	T	Pts	GF	GA
Colorado	6	1	3	15	37	25
Los Angeles	3	4	3	9	35	32
Vancouver	3	3	2	8	22	20
Anaheim	3	4	2	8	17	24
Edmonton	3	6	1	7	19	33
San Jose	2	7	0	4	22	31
Calgary	1	6	2	4	19	31

WEDNESDAY'S RESULTS
Calgary 1 0 0—1
Buffalo 1 1 2—4
First Period: C-Patrick 1 (Cassels, Fleury) 2, B-Holzinger 1 (Dawe, McKee) (pp). Second Period: B-Shannon 1 (Plante, Grosek) (pp). Third Period: B-Holzinger 2 (Dawe) (pp). S. B-May 1 (Plante, Smehlik). Shots on goal: C- 4-10-4—18. B- 4-8-9—21. Goalies: C-Tabaracci. B-Hasek.
St. Louis 2 0 1—3
Carolina 1 2 1—4
First Period: Carolina, Roberts 2 (Kapanen) 2, St. Louis, Duchesne 3 (Hull, Yake) 3, S.L.-Courtnall 4 (Duchesne, Demitra) Second Period: Carolina, Haller 1 (Roberts, Hatlos) 5, Carolina, Emerson 4 (Brown, Sanderson) Third Period: Carolina, Kapanen 3 (Roberts, Wesley). 7, S.L.- Demitra 2 (Courtnall, Bergqvist) Shots on goal: S.L.- 7-17-7—31. Carolina 10-7-9—26. Goalies: S.L.-McLennan. Carolina, Kidd.
Florida 0 0 0—0
Montreal 1 2 0—3
First Period: M-Koivu 2 (Recchi, Manson) Second Period: M-Rucinsky 1, 3, M-Brisebois 1 (Manson, Rucinsky) (pp). Shots on goal: F- 3-9-14—26. M- 7-9-10—26. Goalies: F-Vanbiesbrouck. M-Thibault.
Chicago 0 1 0—1
N.Y. Rangers 0 0 0—0
First Period: None. Second Period—1, C-Daze 2 (Selve, Moreau) Third Period: None. Shots on goal: C- 7-10-5—22. New York 10-16-5—31. Goalies: C-Terrert. New York, Richter.
Ottawa 1 3 2—6
Toronto 1 0 1—2
First Period: O-Yashin 3 (Dackett), 2, T-, Johnson 2 (D.King, Sundin) (pp). Second Period: O-McEachern 4 (Phillips) 4, O-McEachern 5 (Yashin, Alfredsson) (pp). 5, O-, Yashin 4 (Alfredsson, Redden) Third Period: O-McEachern 6 (Kravchuk) 7, T-Clark 3 (Sundin, Johnson) (pp). 8, O-, Alfredsson 4 (Neckar) Shots on goal: O- 11-10-11—32. T-7-6-10—23. Goalies: O-Rhodes. T-Healy.
Washington 1 2 0—3
Colorado 0 1 3—4
First Period: W-Bondra 4 (Hoosley, Johannson) (pp). Second Period: W-Pivonka 1 (Tinordi, Bondra) 3, C-Foote 1 (Komensky, Lacroix) 4, W-, Oates 4 (Housley, Bondra) Third Period: C-Komensky 5 (Messier, Lemieux), 6, C-Sakic 7 (Messier, Belak) 7, C-Belak 1 (Deadmarsh, Sakic) Shots on goal: W- 10-8-5—23. C- 5-10-16—31. Goalies: W-Kolzig. C-Roy.
Pittsburgh 0 2 3—5
San Jose 1 1 0—2
First Period: S.J.-Friesen 2 (Granato, Stumo) Second Period: P-Francis 5 (Johanssson, Jagr) 3, S.J.-Gill 2 (Nolan, Kozlov) 4, P-Jagr 5 (C.Ferraro, Hicks) Third Period: P-Olczyk 3 (Hicks, Wright) 6, P-Johansson 1 (Jagr, Francis) (en). 7, P-, Brown 1. Shots on goal: P- 9-9-8—26. S.J.- 6-8-8—22. Goalies: P-Barrasso. S.J.-Hrudey.
Detroit 1 3 0—4
Anaheim 1 0 0—1
First Period: A-Selanne 3 (Daigneault, Mironov) (pp). 2, D-Knoble 1 (Dandenault, Pushor) Second Period: D-Brown 3 (Yzerman, Pushor) 4, D-Lapointe 3 (Fetisov, Larionov) 5, D-Knoble 2 (Dandenault) Third Period: None. Shots on goal: D- 20-16-6—42. A- 7-8-8—21. Goalies: D-Osgood. A-Hebert.

SOCCER

ENGLISH PREMIER LEAGUE
Derby 1, Wimbledon 1

CHAMPIONS' LEAGUE

GROUP A
Parma 1, Borussia Dortmund 0
Sparta Prague 3, Galatasaray 0

STANDINGS: Parma 7 points; Borussia Dortmund 6; Sparta Prague 4; Galatasaray 0;
GROUP B
Manchester United 2, Feyenoord 1
Kosice 0, Juventus 1
STANDINGS: Manchester United 9 points; Juventus 6; Feyenoord 3; Kosice 0.
GROUP C
Dynamo Kiev 3, Barcelona 0
PSV Eindhoven 1, Newcastle United 0
STANDINGS: Dynamo Kiev 7 points; Newcastle United 4; PSV Eindhoven 4; Barcelona 1.
GROUP D
Rosenborg 2, Porto 0
Real Madrid 5, Olympiakos 1
STANDINGS: Real Madrid 9 points; Rosenborg Trondheim 6; Olympiakos Pireaus 3; Porto 0.
GROUP E
Besiktas 1, IFK Gothenburg 0
Bayern Munich 5, Paris St Germain 1
STANDINGS: Bayern Munich 9 points; Besiktas 6; Paris St Germain 3; IFK Gothenburg 0.
GROUP F
Monaco 5, Lierse 1
Sporting Lisbon 0, Bayer Leverkusen 2
STANDINGS: Monaco 6 points; Bayer Leverkusen 6; Sporting Lisbon 4; Lierse 1.

CUP WINNERS' CUP

SECOND ROUND, FIRST LEG
Lokomotiv Moscow 2, Kocaelispor, Turkey, 1
AEK Athens 2, Sturm Graz, Austria, 0

CRICKET

QUEENSLAND VS. NEW ZEALAND
4-DAY MATCH, 2D DAY
THURSDAY IN CAIRNS, AUSTRALIA
Queensland: 482-6
New Zealand: 196 all out

RUGBY UNION

LATIN CUP
WEDNESDAY IN LOURDES, FRANCE
2D ROUND
France 39, Romania 3
STANDINGS: France 4 points; Argentina 3; Italy 0; Romania 0

TRANSITIONS

BASKETBALL
NATIONAL BASKETBALL ASSOCIATION
NEW YORK—Traded F Walter McCarty, F Dontae' Jones, F John Thomas and G Scott Brooks to Boston Celtics for F Chris Mills and two 2d-round draft picks.
FOOTBALL
NATIONAL FOOTBALL LEAGUE
SAN DIEGO—Signed LB Bobby Houston to 1-year contract.
SAN FRANCISCO—Signed G Rod Milstead.
HOCKEY
NATIONAL HOCKEY LEAGUE
ANAHEIM—Recalled D Ruslan Salei from Cincinnati, AHL.
NEW JERSEY—Recalled LW Patrik Elias from Albany, AHL.
PHOENIX—Signed D Teppo Numminen to 3-year contract.
PITTSBURGH—Acquired D Tuomas Gronman from Chicago for C Greg Johnson.
COLLEGE
FRESNO STATE—Suspended senior F Daymond Forney indefinitely from men's basketball team for failing to complete team requirements.
MONTANA—Suspended sophomore G Henry "J.R." Carrol from men's basketball team after being charged with drunken driving.
OAKLAND—Indefinitely suspended men's and women's swimming and diving teams, pending conduct review by university.

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Flip Side for Rival Rookie Starters

Cleveland Hammers Florida, 10-3, to Even Series at 2-2

By Murray Chass
New York Times Service

CLEVELAND — Less than a year ago, Jaret Wright, pitching for the Scottsdale Scorpions, and Tony Saunders, pitching for the Tempe Diablos, were the opposing starters in an Arizona Fall League game.

Saunders emerged as the winning pitcher.

On Wednesday night, the same pitchers, now major league rookies, started in the fourth game of the World Series. This time, Wright was the winner.

The Cleveland Indians battered Saunders in the third inning and proceeded to defeat the Florida Marlins, 10-3, and even the Series at two games each. Wright was not spectacular, but he labored his way through six innings and never relinquished the lead Manny Ramirez gave him with a two-run home run in the first inning.

Yet another rookie, Livan Hernandez, was to pitch for the Marlins in Game 5 on Thursday night. Hernandez, who was the winning pitcher in the Series opener, will oppose Orel Hershiser, ancient in comparison and the first-game loser.

"I don't like the cold," Hernandez, the young Cuban defector, said before the game, discussing everybody's favorite World Series topic. "I don't like to pitch in the cold. I like it when it's hot. But these are the times where you can't worry about whether it's hot or cold. You've just got to go out and pitch and do the best job you can."

The forecast for Thursday evening was not as bad as the weather was on Wednesday night. The temperature was 38 Fahrenheit (3 centigrade), possibly the coldest ever for a World Series game, and the wind chill was 18 when the game began. The game-time temperature Thursday night was expected to be about 45, although the forecast included a threat of rain.

Snow showers fell on Jacobs Field throughout batting practice. The conditions were certainly different from the last time Wright and Saunders pitched in the same game.

WORLD SERIES

"The first couple times I watched him pitch," Saunders said earlier of Wright, "I said it's not going to take this guy long because he has great stuff. I knew he was going to be here sooner or later."

Wright, on the other hand, said he was not familiar with Saunders.

"I don't remember too much about him," Wright said. "I saw a lot of guys out there." But he didn't get to see much of Saunders on Wednesday night.

A 23-year-old left-hander, Saunders gave up a one-out single to Omar Vizquel in the first inning, then watched Ramirez sock his second home run of the Series. Saunders struck out David Justice for the second out, but Matt Williams singled to right and scored as Sandy Alomar Jr. drilled a double to left-center field.

Saunders pitched a scoreless second inning but never got a batter out in the third, prematurely ending only the sixth all-rookie pitching matchup in World Series history. He gave up a walk, single, walk, single and walk to the five batters he faced in the third. Mixed in were two errors, including one of his own when he threw wildly on a pickoff attempt to first. The other was an errant throw by shortstop Edgar Renteria. Three more Cleveland runs resulted.

"I think the changeup that Alomar hit confused him a little bit," Marlins manager Jim Leyland said of his pitcher. "I think it got him trying to be too perfect with his pitches all of a sudden. He was bouncing his changeup, and he felt like he had to make a perfect pitch every time to get the club out. Normally a good game is dictated by your starting pitcher."

Wright, a 21-year-old hard-throwing right-hander, did not pitch a strong game, but he was good enough to maintain what his teammates gave him. "Jaret was behind a lot of hitters," said his manager, Mike Hargrove. "He walked a lot more hitters than we're used to seeing him walk."

Wright entered the game with mixed post-season results. He twice was the winning pitcher against the Yankees in the division series; indeed, he was the primary reason the Indians knocked off the Yankees. But Wright faltered against Baltimore in the championship series, allowing five runs in three innings.

"I thought about Game 5 against New York," Wright said when asked if he had dwelled on the importance of this game to the Indians. "If we lost, we go home. At least if we lost tonight, we got a chance to play tomorrow."

He admitted being nervous. "It has been said a million times if you don't get nervous, you're not human," Wright said. "I was sitting on the couch in there and the butterflies started churning. Then you get out there and it's baseball."

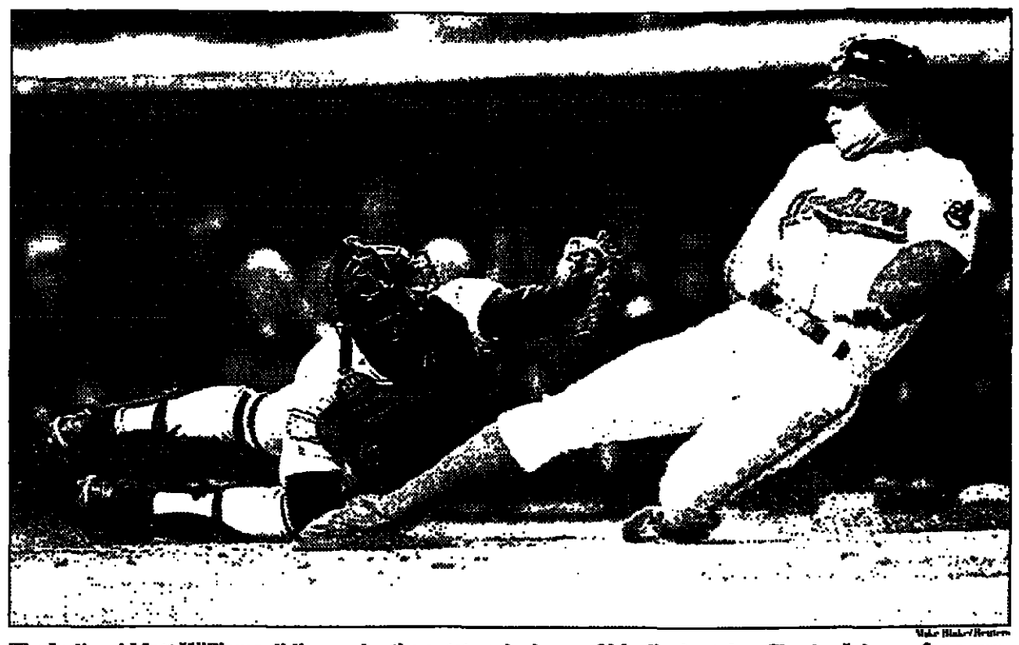
In six innings Wednesday night, Wright struggled with his control, walking five and throwing 50 balls along with 55 strikes. But the three walks he issued in the first three innings did not hurt him. He didn't falter until the fourth, walking Moises Alou after Darren Daulton doubled, and then Jim Eisenreich singled for the Marlins' first run. In the sixth he walked Daulton with one out, and Alou hit his second Series home run.

"The changeup was not a good pitch for him tonight," Hargrove said. "Daulton hit the wall for a double, and he hung a two-seam fastball that Alou hit for the home run. But he did his job. He got us through the sixth inning."

Brian Anderson, who spent most of the season in the minors but has been effective in the post-season, pitched the last three innings and allowed only one hit.

■ Davis Gets Clemente Award

Eric Davis, the player credited with inspiring the Baltimore Orioles this season with his courageous battle against colon cancer, has been named the Roberto Clemente man of the year by Major League Baseball. The award is named for the Pittsburgh Pirate star who died in a plane crash delivering supplies to earthquake-stricken Nicaragua in 1972.



Mike Blake/Reuters

The Indians' Matt Williams sliding under the outstretched arm of Marlins' catcher Charles Johnson for a run.

Lukoil Walks Win Japan's

INDIANS 10, MARLINS 3

Florida	AB	R	H	BI	BB	SO	Avg.
DWhite cf	4	0	0	0	0	4	.167
Renteria ss	4	0	1	0	0	0	.313
Sheffield rf	3	0	0	0	1	2	.333
Bonilla 3b	4	0	0	0	0	0	.188
Daulton 1b	3	2	2	0	1	0	.500
Alou lf	3	1	1	2	1	0	.267
Eisenreich dh	2	0	2	1	1	0	.667
a-AArias ph	1	0	0	0	0	0	.000
CJohnson c	4	0	0	0	0	1	.267
Counsell 2b	2	0	0	0	1	0	.231
b-Abbott ph	1	0	0	0	0	0	.000
Totals	31	3	6	3	5	7	

Cleveland	AB	R	H	BI	BB	SO	Avg.
Roberts lf	4	0	1	0	0	2	.313
Giles lf	1	0	1	1	0	0	1.000
Vizquel ss	5	2	2	0	0	0	.235
Ramirez rf	4	2	1	2	1	1	.176
Justice dh	3	2	1	0	2	2	.308
MaWilliams 3b	3	3	3	2	2	0	.412
SAlomar c	5	0	3	3	0	0	.471
Thome 1b	4	0	1	0	1	1	.294
TFernandez 2b	5	1	2	1	0	0	.455
Grissom cf	4	0	0	0	0	1	.500
Totals	38	10	15	9	6	7	

Florida	000	102	000—3
Cleveland	303	001	12x—10

a-popped out for Eisenreich in the 9th. b-grounded out for Counsell in the 9th.

E—Renteria (1), Saunders (1). LOB—Florida 6, Cleveland 10.

2B—Daulton (1), Roberts (4), SAlomar (1). HR—MaWilliams (1) off Powell; Alou (2) off JrWright; Ramirez (2) off Saunders. RBIs—Alou 2(5), Eisenreich (3), Giles (2), Ramirez 2 (4), MaWilliams 2 (3), SAlomar 3 (6), TFernandez (2). SB—Counsell (1), Vizquel (1).

CS—Giles (1). GIDP—Bonilla.

Runners left in scoring position—Florida 3 (Sheffield, CJohnson, Counsell); Cleveland 6(Vizquel 3,Thome3). Runners moved up—Renteria, Grissom.

DP—Cleveland 2 (TFernandez, Vizquel and Thome), (Thome).

Florida	IP	H	RER	BB	SO	NP	ERA
Saunders L, 0-1	2	7	6	6	3	68	27.00
Alfonseca	3	3	0	0	4	57	0.00
Veiberg	2	3	2	2	2	34	9.00
Powell	1	2	2	2	1	23	16.20

Cleveland	IP	H	RER	BB	SO	NP	ERA
JrWright W, 1-0	6	5	3	3	5	105	4.50
BrAnderson S, 1	3	1	0	0	2	38	2.70

Saunders pitched to 5 batters in the 3rd.

Inherited runners-scored—Alfonseca 3-1.

WP—JrWright.

Umpires—Home, Kosc; First, Marsh; Second, Kaiser; Third, Montague; Left, Ford; Right, West.

T—3:15. A—44,877 (43,863).

Series tied 2-2.

Wright the Marlin Killer Saves Indians for Game 5

By Thomas Boswell
Washington Post Service

CLEVELAND — Ever since the Baltimore Orioles' Brady Anderson, Harold Baines and Rafael Palmeiro hit home runs in the same inning off Jaret Wright last week, the Cleveland Indians have worried about their prized 21-year-old rookie.

Too many innings at too young an age, especially under big-game pressure, have ruined more star prospects than all the other ills to which pitchers are susceptible. Wright was deep into the danger zone.

After working just 230 innings in two minor league seasons combined, the right-hander was pushing 215 this year. "His tank may be getting empty," said Mike Hargrove, the Cleveland manager. "We're concerned about him."

The 6-foot-2, 230-pound fireballer also throws a bit across his body with a delivery that puts a lot of strain on his shoulder, a red flag for arm troubles in a young pitcher. Have a care, Tribe.

If Wright had lost Wednesday night, his team would have trailed in the Series by 3-1. Tribe taunters in Miami, knowing that Cleveland hasn't won a Series since 1948, could begin to chant: "Fifty More Years." Instead, he won, just as he won twice against the world champion New York Yankees in the first round of the postseason. Once again, Wright pitched just long enough and just well enough to scrape out a gutsy victory when the Indians needed one most.

On one of the coldest nights in Series history, with a wind chill of 18 degrees and snow flurries in the air, Wright reared back and brought the heat. Sometimes his cold fingers, no matter how much he blew on them between pitches, would not allow him to find the strike zone. He walked a Marlin in each of the first four innings. But his raw stuff and moxie gave the Indians enough time to build a 6-0 lead.

"Wright was all I expected and more," said the Marlins' manager, Jim Leyland. "That's a great arm. I was impressed and so were my hitters. He has all the ingredients to be a great one."

As long as Wright stays healthy, the Indians are going to have a fine, tough, cocky pitcher. But to be a superior one, he will have to develop an off-speed pitch and stop working so deep into counts.

Now that Wright has saved them from a 3-1 deficit, the Indians should win this Series. Only the tough question remains: Will they?

For Virenque, 1998 Falls Flat

By Samuel Abt
International Herald Tribune

PARIS — The organizers of the Tour de France unveiled next year's course Thursday in Paris and ruined Richard Virenque's day — even his 1998, to hear him tell it.

"That's not a Tour that satisfies me," said Virenque, the Frenchman who finished second in the Tour this year and won his fourth successive title of best climber. "It's less hard than this year. Difficulties make the difference in a race, and there aren't enough difficulties.

"I'll have to wait for 1999," he concluded glumly. Virenque desperately wants to become the first Frenchman since 1985 to win the world's greatest bicycle race but has only one string to his bow: He climbs strongly and has a team composed of climbers. Time trials, especially long and flat ones, are where he loses at least as much advantage as he gains in the mountains.

So he sat in the audience as the roughly 3,850 kilometers (2,400 miles) of the 85th Tour de France were detailed and saw, to his horror, that there will be fewer mountains next year than this, that both time trials will exceed 50 kilometers, as they did this year, and that neither one will be on the ascent, as one was this year.

TOUR DE FRANCE

All in all, not for him, he said.

Jan Ullrich, the German who won this year by staying close in the mountains and dominating the time trials, did not share that feeling.

"It's a good course for me," he said. "I like it."

Much more of an all-around rider than Virenque, Ullrich had reason to be happy. At least on paper, the course looks far less difficult than this year's edition and does not favor the climbers.

"The race will be much more open than this year," said Johnny Weltz, a *directeur sportif*, or coach, of the U.S. Postal Service team. "We'll have a much better show. No team can dominate it, as Festina did in the mountains this year." The Festina team is led by Virenque.

As has been known since last winter, the race will begin in Ireland on July 11, a week later than usual. Both choices were determined by soccer's World Cup, which will be played in France from late June until July 12.

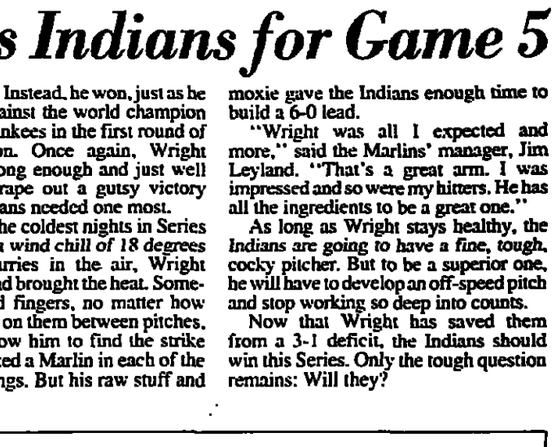
After three days in Dublin and Cork, the race returns to the motherland July 14, France's national day, and strays only one other time, on a short incursion into Switzerland.

Traveling in a counterclockwise circuit, the Tour will end in Paris on Aug. 2. Twenty or, at most, 21 teams of 9 riders each will be invited, down from 22 this year.

Of the 21 stages, excluding the short prologue in Dublin and a day off midway through, 12 will be on the plains, 2 will be time trials or individual races against the clock, 2 will be in hills and small mountains and 5 will be in the high mountains. There will be 23 significant climbs, compared with 27 this year.

The climbing comprises two days in the Pyrenees and three in the Alps. While major peaks are included in both mountain ranges, the Tour will not visit the feared Alpe d'Huez. Another towering test, Mont Ventoux in Provence, will also be skipped.

No wonder Virenque was so upset.



The 1998 Tour de France course, from Dublin to Paris.

DENNIS THE MENACE

JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold and Mike Argirion

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

VALAR

KICHT

WERBOR

NUCCOR

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

(Answers tomorrow)

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Answer: What the football team experienced after a bumpy flight — A TOUCH DOWN

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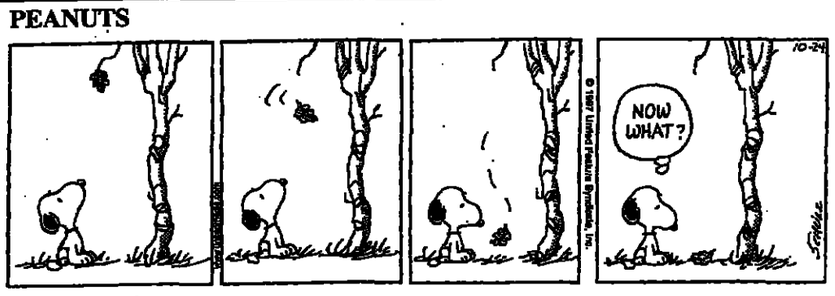

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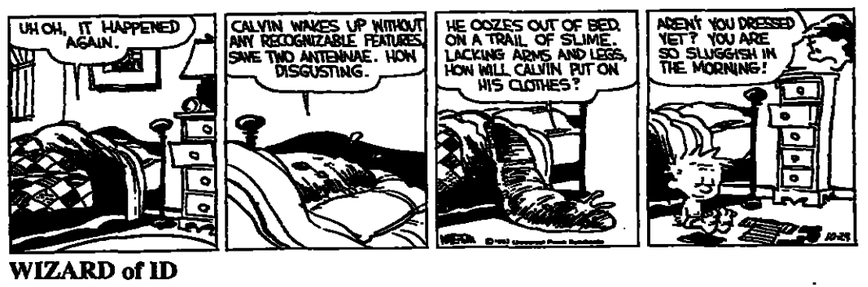

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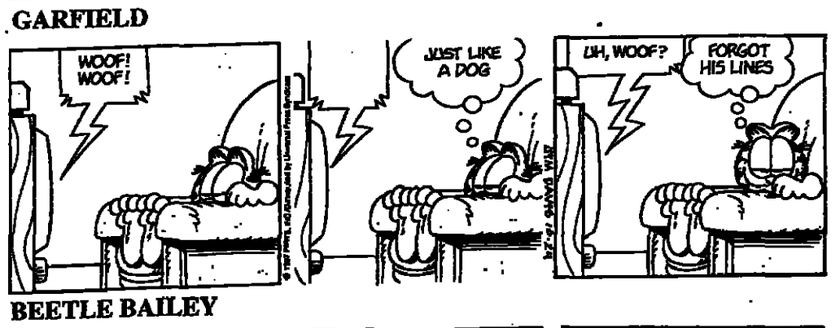

WIZARD of ID

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POSTCARD

Deluxe 'Camping'

By Patricia Leigh Brown
New York Times Service

LAKE PLACID, New York — A century ago, a generation of moneyed urban sportsmen, dressed in velveteen of approved cut and fortified by crème de menthe served in tin cups by their butlers, took to the mossy wilds and trouty streams of the Adirondacks, momentarily leaving their marble piles and Old Masters behind to build sprawling rustic retreats in the woods.

For captains of industry who yearned for the "simple life," a Great Camp, that bark-clad shanty à la mode, was the ultimate trophy.

It still is.

Not far from a godforsaken dirt road, Peter Torrance, a modern-day camp builder, is in the throes of completing a 12,000-square-foot (1,100-square-meter) lodge with a 34-foot (10-meter) tower of birch bark and "brainstorm siding," an Adirondack signature made from the rough edges of the tree. Among other things, the lodge will feature a mechanized chandelier, which drops automatically for cleaning, and seven fireplaces.

"He said, 'I'd love to see the High Peaks,'" Torrance recalled, speaking of his client, a top media executive. "And I said, 'Put a tower over there, what the heck.'"

Just a pebble's throw away, a brand new mahogany-clapboard Great Camp of 8,000 square feet rose under a tennis bubble that kept the temperature at a perfect 55 degrees Fahrenheit (13 degrees centigrade) all winter so that construction could proceed.

Under way is a Great Camp revival that spiritually communes with the camps of J. P. Morgan and Alfred Vanderbilt. More than a dozen major new fantasy compounds hewn from materials of the forest have appeared here, some within buckshot of their neighbors. The most daring symbol of the current camp craving is Topridge, Marjorie Merriweather Post's 68-building complex, a place where color-coordinated fly swatters were once de rigueur. Here, the Texas real-estate magnate Harlan Crow is razing some old structures and building some new ones. Through the thickets, five giant cedar-shingled onion domes are rising on Crow's Russian-inspired octagonal log cabin, a surrealistic folly with crisscrossing timbers.

In this land, as red maples are framed anew through diamond-fretted windows, the delicate dance between man and nature continues even in a sign at a hotel that spells out "No Golf Spikes" in twigs. It has been brought to a head by Mary Lou Whitney's plan to subdivide much of her 51,000-acre (20,400-hectare) Adirondack estate for development, including 40 of what the Whitneys call "Great Camps."

□

The classic camps, of which roughly 40 still exist, stand today as embodiments of the desire to be at one with nature while triumphing over it — what Jeffrey Sellon, a Raquette Lake camp owner, calls "a functional situation in the wilderness." The camps' decoration, built from trees harvested in the winter when sap is low to retain their bark, eloquently expressed an anti-urban urge. "It's a deeply ambivalent impulse," noted Michael Wilson, a historian at the Sagamore Institute. "Because the desire was to bring all the amenities from civilization, and disguise them."

He added, "It still is."

In Russia, a Generation X That Breaks the Mold

By Daniel Williams
Washington Post Service

MOSCOW — In 1992 everything seemed to point Alexei Samoukov toward a career in physics. His parents were engineers, he had been trained in science and, at 25, he was deep into postgraduate studies about radiation and its effects on living tissue.

But the same training that encouraged him to look at the world with a dispassionate eye led him to see that in Russia the pursuit of a scientific career could be unrewarding. As the Soviet Union collapsed, money for research dried up and even at top institutes, equipment for sophisticated study was lacking.

Samoukov made a dramatic switch. He traded science for business and embarked on a career that didn't exist when he was younger: research into the financial bonds market.

"Our generation had to make a choice. Something new was happening and you could not rely on the old ways. So it was either go with the new system or drown," he said last week.

Samoukov is part of a generation that straddles the old and new in Russia and is making a success of it. The generation's progress is largely a Moscow phenomenon, because the capital is the only city that has boomed since the fall of communism. If the city is the future of Russia, then Samoukov's generation represents the future of the middle class.

By age, Samoukov can be said to belong to Generation X, as it is known in the United States. But members of Russia's Generation X are not like some of their American counterparts who until recently were said to be fearful of reduced horizons in a culture of downsizing and insecurity. Rather, thirty-something Muscovites like Samoukov are highly valued in the city's burgeoning business marketplace — as long as they carry skills from the old educational system and an adventuresome spirit needed in the new dog-eat-dog economy. It might be better to call them Generation Edge.

"The main thing is that this generation has transformed itself in a very short time into the mold of thinking that says, 'Nobody else is going to look after me,'" wrote Andrei Kolesnikov, an editor at New Times magazine.

Born and raised in Soviet times, members of the generation were presented with an entirely new world just as they were starting to make a living. The universe they entered was unlike anything that had existed before in Russia, not to mention the Soviet Union. New businesses were created under an entirely new economic system: banks, brokerage houses, boutiques, travel agencies, cellular phone and computer firms, trading companies — the flowering of late 20th-century capitalism.

Decisions of what to do in life were no longer to be shared with or imposed by the government. This generation would have to make its own decisions.

"We had to learn a lot in just a couple of years," Samoukov recalled. "But there was one advantage. We would grow up with the system. It was like a second birth and a second education."

In the public eye, this generation is overshadowed both by older ones and younger ones on their way. Older people, if they did not find refuge in formerly state-owned enterprises that have been privatized and are making money, languish in bankrupt enterprises left over from the Soviet past.

Muscovites in their early 20s are just beginning to make their mark with a certain rambunctious style. Their hazy memory of communism and preference for techno music, rollerblades, computer games and wild nightlife has earned them the nickname of the Rave Generation.

Samoukov's generation is likely to favor Italian fashions, but not the flashy "Miami Vice" style of New Russians, said Natasha Toumashkova, a consultant for executive recruitment companies. (The so-called New Russians are the nouveau riches.) People like Samoukov probably can afford a car, but may prefer the subway to avoid traffic. In Moscow's inflated housing market, they probably rent rather than buy an apartment.

Highly educated, they may take in plays or opera, and their preference in nightlife leans to bars rather than discos where thumping music drowns out conversation. They may support their parents, whose income or savings has been shrunk by inflation.

"This is a big shift in our recent history," said Toumashkova. "Until now, parents would in some way help their children well into adulthood."

Daniel Williams/The Washington Post
Alexei Samoukov at home in Moscow with his parents.

Toumashkova describes herself as a "grandmother" of Generation X: She is 43 and started in private business in 1986 — when predicting the vast changes ahead would have been considered science fiction. Her own itinerary foreshadowed the path to be followed by young people.

She began to search for Russian business talent on behalf of foreign companies, worked for an executive search company, and now is a consultant for several other such firms. "Mobility is something else that distinguishes us from the old ways, in which people stayed in one position forever," she said.

Alexei Samoukov seems to fit the profile precisely. After a stint at a small Russian bank, he took a job at Rinacoplus, an investment company. But now he is preparing for another move, to a bigger company. "It has better career prospects for me," he said.

Learning the bond market was not terribly hard, he recalled. "When I was a kid, I had never heard of bonds. But since the market was small when I started to work, I just kind of grew up with it," he said.

The Rinacoplus office is full of people like Samoukov: young, well if modestly dressed, poring over computers and printouts, working eight to 12 hours a day.

Samoukov, who is single, lives with his parents in their '70s-era apartment. His favorite pub is called Rosie O'Grady's; he likes opera. He wears Italian jeans, but with a plaid shirt and dark vest, the effect is more grunge than dolce vita.

He has strong opinions about Russia's economic policy: Money is too tight, the economy is still overly centralized. "We perhaps take too much advice from outsiders and don't have enough ideas of our own," he said.

Samoukov takes vacations in Spain and Italy and rides horses in the Altai mountains on the Mongolian border. "I like to ride. I imagine myself a cowboy," he said.

His mother, Galina, recently retired. Both she and Samoukov's father, Vladimir, worked as engineers developing radio and radar technology for the military. Galina showed off her pensioner's identification card to a visitor. "This gets me free transportation, but I don't know what else," she said.

Vladimir still works at his research institute, although orders for equipment are low.

"Things are tough for technicians like my parents," Samoukov said. "It is not just the financial issue. There is just nothing for them to do."

Galina prepared a dinner of sausage, pickles, marinated garlic, black bread and roast chicken. Vodka and wine accompanied the meal, which was served in the kitchen.

"Of course, we expected Alexei to be a scientist, to work in academia. That was what he was training for," Galina said.

Vladimir intervened. "If he's satisfied with his work, we're also satisfied," he said.

"I've forgotten all my science in five years," Samoukov said. "Five years is a long time in science. It's a lot of time in economics, too, and my mind is now filled with bonds and interest rates."

TABLOIDS

They're Back: Sex! Scandal! 'Secrets of the Moving Duvet'!

By Dan Balz
Washington Post Service

LONDON — The tabloids are back.

It was just a month ago that the editors of Britain's leading newspapers, humbled by criticism that they had hounded Diana, Princess of Wales, to her grave, promised a new era of restraint. Then along came the case of the Conservative Party politician and his attractive teenage girlfriend: As they say, never mind.

The politician probably should not be forgiven much, based on the evidence now available, but he might have been forgiven for assuming that the new rules meant the private lives of public figures would be treated more gingerly than in the past.

Instead, the papers, led by the Sunday Mirror, have reached astonishing heights of invasiveness in their reports. The Mirror has employed surveillance cameras, tape recorders, a team of reporters and coverage taunting their prey to dare them to reveal more.

"Diary of a Liar and a Cheat," read the headline in the Sunday Mirror last week on a multipage spread. Another headline spread across two pages screamed, "He lied to his wife, he lied to his children, he lied to his voters, *he lied to his leader.*" His wife appeared before television cameras to declare that the teenager was a family friend who was helping her husband research a book about the intrusive tactics of the media. But the Mirror insisted it had more graphic evidence to back up the relatively tame photos it had published, along with salacious quotations, *in their pages.*

Two days later, the politician resigned his seat, still protesting his innocence. By then, some of the tabloids had found another story of domestic unrest too juicy to keep from their readers. The coach of England's soccer team, fresh from a game that qualified the team for World Cup competition, announced that he and his wife of 18 years were splitting up. He was described as a man of Christian values, and there was no hint of another woman — or man.

Paul Vicente/AFP
The papers are reaching new levels of invasiveness.

The tabloids had a difficult decision — coach or politician? There was only so much space on their front pages, after all. Meanwhile, the more respectable broadsheet newspapers, which showed a modicum of restraint early in the week, jumped and jumped hard. Given the acres of space they have each day, they didn't have to make a difficult call about which of the two to feature on their front pages. Both stories were splashed across them.

So what about those guidelines?

Guy Black, director of the Press Complaints Commission, which promulgated the new rules of conduct last month, said he had nothing much to say about the current behavior of the press. "We can't comment on the specific instance unless we get a complaint on it," he said. "We've not had a complaint from the politician. We have had a complaint relating in part to the other one, so we'll need to investigate that. But I cannot comment until we've done that thoroughly."

Black also pointed out that the new guidelines have not yet taken effect and probably will not until the end of the year. Until then, the old rules apply. The editor of the Sunday Mirror, Bridget Rowe, defended her paper's coverage, saying it represented the best in investigative reporting and that the Conservative politician had it coming because he had claimed no romantic involvement with the young woman when initial accusations were made last spring.

Editors who had been outspoken in their condemnation of the tabloid coverage of Diana and the royal family, and who suggested there was an element of hypocrisy in the new pledges, suddenly stopped talking as their newspapers pursued the story nearly as eagerly as the tabloids.

But columnists denounced the tabloids. "Even a buffoon should be free from the prying of the press," read the headline over one article. The author, Natasha Walter, accused the tabloids not only of prying, but of being "outrageously out of step" with a society that prefers not to pass judgment on the private behavior of others, in or out of public life.

Meanwhile, Charles Wilson, managing director of the Mirror Group, accused the "respectable" press of being "perfect examples of hypocrisy" and predicted that "not even the strictest changes in the code of conduct will alter it." Competitive pressure, he said, *is too strong.*

Still, the whole matter appeared ready to die down as the new week approached. Then came the Sunday Mirror again. On its front page was a grainy photo of a bedcover and a headline that read: "Secrets of the Moving Duvet." Inside was another installment of deceit, betrayal and exposure. Claiming it had been accused of lying about the Conservative politician, the newspaper defended its decision to publish more. The story revealed that a former aide had used surveillance cameras to tape an indelicate liaison between the politician and his girlfriend.

Is that the end? The Sunday Mirror article closed with a pledge: No more exposés about the politician "if he now admits that he has lied." Guidelines or no new guidelines, it's still a dangerous world out there for those who misbehave.

PEOPLE

THE golden boys of British fashion, **John Galliano** and **Alexander McQueen**, were named joint winners of the British fashion industry's highest award. For the first time in the 13-year history of the Designer of the Year award, the two winners had the nominations of both the industry's press and buyers. Both were previous winners.

□

A former publisher of The New Yorker filed a lawsuit alleging that her boss at the literary magazine punished and fired her because she was pregnant. **Diane Silberstein**, 41, said that the magazine's president, **Thomas Florio**, cut her $340,000 salary nearly in half before eventually firing her. Florio "implied that it would be impossible for her to balance her work duties with the increased demands of two children," the lawsuit said.

□

The English National Ballet plans to honor **Princess Diana** at a special performance Dec. 8 of "The Nutcracker" that she had been scheduled to attend. It will be preceded by a film on Diana's passion for ballet that will contain previously unseen footage. The ballet company's artistic director, **Derek Deane**, said the Princess of Wales's involvement as a patron "reflected her great love and understanding of ballet."

□

"Keep Cool," the new film by the Chinese film director **Zhang Yimou**, is fighting back against Hollywood box-office hits and attracting large audiences in Beijing, the Xinhua press agency reported. Since opening Sunday, the modern-day drama has grossed 3 million yuan ($361,000), said **Gao Jun**, director of the *Xingyinlian Movie Studios* that produced the film. Although lacking the superstar **Gong Li**, who played the lead role in most of **Zhang's** earlier movies, the film stars the well-known local actors **Jiang Wen** and **Li Baotian**.

□

Clare Booth Luce traveled the globe as a war correspondent and diplomat, waged political battles, married into the Time publishing dynasty and, her diaries reveal, experimented with LSD. In papers recently released by the Library of Congress, during the late 1950s and early 1960s Luce methodically noted her observations and reactions to the drug. "The greatest awareness of LSD is this curiously ambivalent feeling that man is so very different from all the other species and yet one with all matter," she wrote. "Nature can do nothing awkward, or tasteless. Only the human spirit is capable of ugliness."

Sayan Inoue/Reuters
YOUNG LOVE — Japan's teen idol, Namie Amuro, smiling at the singer-dancer Masaharu Maruyama. Pop fans were reeling from the news that Amuro, 20, had secretly married the dancer, 15 years her senior.

□

Buyers far outnumbered protesters when **Larry Flynt**, the publisher of Hustler, opened up shop for himself to sell copies of his raunchy magazine in Cincinnati for the first time in 20 years. Magazine sellers there had shied away from hawking Hustler since 1977, when Flynt was found guilty of pandering obscenity. Flynt, whose conviction was overturned, was the subject of a movie, "The People vs. Larry Flynt," that portrayed him as a martyr for freedom of speech.

□

The illness of one of the **Spice Girls**, **Geri Halliwell**, forced the British pop group to cancel an appearance in Sweden — and avoid a showdown with the Swedish media. Journalists had threatened to boycott a news conference because of the group's demand that photographers agree not to use pictures of the appearance without the singers' permission.

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